MESSAGE FROM THE PRESIDENT
JEANNE F. DOTSON

I will only be writing approximately 7-9 more of these messages. A number of them will hit on “holidays” and I don’t think I will be in.

I just e-mailed my nominations for the upcoming election to Washington Partners. May I ask that all of you do the same? Any member can nominate for open offices but you must be the Primary Member to actually vote. Some of our membership will switch the primary membership if an associate member has been nominated and wishes to run for that office. COHEAO is a unique wonderful organization. We have done great things over the past 24 years. The Board of Directors offers the chance to become more than “just a member”. We invite you to take part, we invite you to become an active participant, and we invite you to make a difference by running for office.

Our deepest sympathy is extended to David Martin and his family (from the Minnesota Collection Network, recent new Alliance Member), and North Dakota State University. David’s wife, Cathy, passed away at the age of 53 on Tuesday, October 12th, 2004.

Be safe.
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COHEAO News

It’s an Election Year for COHEAO Too

With Congressional races heating-up and the Presidential race in full-swing, COHEAO is also having elections. This year, COHEAO will elect a new President and Vice-President as well as appoint several members of the Board of Directors. The nomination process is open through the end of October. Voting is an important part of COHEAO membership and we encourage everyone to carefully read the COHEAO nomination form that accompanies this issue of The Torch. If you have any questions, contact Andrew Stringer at astringer@wpllc.net.

Register Today for the 2005 COHEAO Annual Conference

COHEAO’s Annual Membership Conference will be held starting the evening of January 30, 2005 and ending on February 2. The conference will take place at the Ritz-Carlton Pentagon City in Arlington, Virginia, just across the river from Washington, DC. To register, complete the registration form attached to this issue of The Torch or register online at http://www.coheao.org.

If you have any suggestions for possible topics for the Annual Conference or would like to volunteer be part of a group of COHEAO members that helps to set the conference agenda please let Andrew Stringer know as soon as possible at 202-289-3903 or astringer@wpllc.net. This is a good opportunity to help us decide which issues are the most pressing for the COHEAO membership.

COHEAO Writes Letter Regarding Loan Disclosure

COHEAO has written to Pamela Moran, senior program specialist in the Office of Postsecondary Education at the Department of Education, requesting that the Department provide a sample loan disclosure form for Perkins Loans as they related to Regulation 34 CFR 674.16(a). The entire letter is attached to this issue of The Torch. COHEAO will keep the membership updated on any response from the Department.

E-OSCAR Teleconference a Success

On October 7, COHEAO held a teleconference on the E-OSCAR system. Over 65 COHEAO members and non-members participated in the teleconference and listened to presentations from:

- Sherman Shaw from Washington University at St. Louis;
- Dennis Schwartz from Ball State University; and
- Gene Wendt from University Accounting Services.

COHEAO Board of Directors member John Lynch moderated the session and fielded several questions from the participants.

To view presentation handouts, visit the “Conferences and Events” section of the COHEAO website at: http://www.coheao.org.
A replay of the teleconference is also available for a fee. If you are interested, please contact Andrew Stringer at astringer@wpllc.net

**COHEAO to Hold Teleconference on Perkins Lobbying in November**

In other teleconference news, COHEAO will hold a teleconference in November to discuss effective ways to lobby Congress regarding the Perkins Loan Program. The teleconference will discuss effective ways to manage grassroots efforts, write letters and schedule visits with Members of Congress. Stay tuned to *The Torch* for more details.

**Letter to Support the Perkins Loan Program**

The Senate Appropriations Committee’s decision to recommend funding for the Perkins Loan Federal Capital Contribution in the FY2005 Labor, Health and Human Services and Education appropriations bill is an important show of support for the Perkins Loan Program, but it does not mean that the fight is over. The recently passed Continuing Resolution only protects Perkins Loan funding through November 20. Therefore, we still need your letters to the House and Senate to show how important Federal Capital Contribution funding is. At some point, the House and Senate versions of the Labor-HHS appropriations bill will have to be made identical, which means the Perkins FCC will be either eliminated (the House position), maintained at its 2004 level (the Senate position) or cut (a compromise position). Obviously, the compromise and the House positions are not good for the Perkins program and the students who need loans. We need your letters to tell possible conferees why it is necessary to fund the Federal Capital Contribution.

A number of COHEAO members have written or called their congressmen and senators to support funding for the Perkins Loan Program. This is encouraging, and it is one reason the Senate supported the program, but more needs to be done, and done right away!

Please find attached an updated draft letter for you to send to all Representatives and Senators in your state asking that they support the Perkins Loan Program. Please take a look at this draft letter and customize it to fit your school or company, including placing the letter on your letterhead. 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 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 for this year. 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/0405CBCongrereportApril8CoverLtr.html](http://www.ifap.ed.gov/cbpmaterials/0405CBCongrereportApril8CoverLtr.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 or advice on what to do, contact Andrew Stringer at astringer@wpllc.net or Harrison Wadsworth at hwadsworth@wpllc.net, or call 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 are contained in the Congressional directory that COHEAO gave to attendees at the January Annual Conference. In
addition, most Congressional web sites have the fax number, and all should have an email address.

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.html](http://www.house.gov/house/MemberWWW_by_State.html). For your Senators, go to [http://www.senate.gov/](http://www.senate.gov/) and use the pull-down feature to find who your senators are. If you need help with this project, please don’t hesitate to call 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.

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

**It’s Fall: Time to Find Something for the Cooler Weather at the COHEAO Store**

With fall here, and the Annual Conference not far away, why not find appropriate attire at [http://www.westernprinting.net/coheao](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.

**Interested in Improving the NSLDS? Join the COHEAO Working Group**

After listening to presentations from representatives of the National Student Loan Data System (NSLDS) at the COHEAO Mid-Year Meeting, are you interested in joining a COHEAO working group to examine ways to improve the system? The working group will meet with representatives from the National Council of Higher Education Loan Programs (NCHELP) to develop recommendations. To volunteer to participate in the working group, contact Andrew Stringer at astringer@wpllc.net.

**CONGRESS**

**Congress Extends Higher Education Act Through FY2005**

The House and Senate have passed legislation (H.R. 5185) to extend the Higher Education Act (HEA) until September 30, 2005. The non-controversial measure, containing no amendments to the HEA, passed on a voice vote in the House and under unanimous consent in the Senate.

The passage of H.R. 5185 addresses concerns that the current extension of the Higher Education Act -- included as part of H. J. Res. 107, the continuing resolution passed by Congress last month -- would lapse. Under that legislation, some higher education programs were set to expire on November 20. President Bush is expected to sign the year-long extension in the near future.
The Republican leadership of the House Committee on Education and the Workforce has indicated it intends to move on a Higher Education Act reauthorization bill in early 2005. Chairman John Boehner (R-OH) is expected to introduce a bill largely identical to H.R. 4283, the College Access & Opportunity Act.

However, even if Boehner introduces and starts to move a bill in early 2005, the Senate is not likely to act quickly on the bill. The Senate Health, Education, Labor, and Pensions Committee may have a new Chairman [Senators Michael Enzi (WY), Orrin Hatch (UT) or Lamar Alexander (TN) if the Republicans retain control of the Senate and Senator Edward Kennedy (MA) if the Democrats become the majority]. It is likely the bill-drafting process in the Senate will take several months.

**Congress Passes Legislation Addressing the 9.5 percent Loan Issue**

Last week, the House of Representatives and the Senate unanimously passed H.R. 5186, a bill addressing the 9.5 percent student loan issue for FFELP loans. H.R. 5186 was introduced by Rep. John Boehner (R-OH) after consultation with the Department of Education and various issuers of the tax-exempt bonds that are the subject of the amendment. The bill would end for one year the practice of transferring loans into and then out of pre-October 1993 tax exempt bond estates in order to secure a minimum return of 9.5 percent on loans even after they are no longer financed with the relevant bonds. Representative George Miller (D-CA) supported the bill even though he said it only partially addresses the provision and leaves the door open to additional large budget costs. The bill does not prohibit organizations from making new loans using the proceeds of previously made loans, a process known as “recycling.” Boehner said he intends to again include the 9.5 percent loan provision in his Higher Education Act reauthorization bill when it is re-introduced next year. Student loan lenders and the higher education community supported the bill.

**Senator Kennedy Calls Rising Higher Education Costs “Shameful”**

In a speech at the University of Arizona this week, Sen. Edward Kennedy (D-MA) said the rising cost of higher education was “shameful” and called for increased federal investment on higher education in order to keep education available to all. Kennedy called for an expansion of financial aid, especially Pell Grants, which he said cover a smaller share of costs than they did four years ago. He said that federal tax credits should be increased, student loans made less burdensome, and loans forgiven for graduates who work in the public sector. He also called for an increase in support for the Direct Loan program.

**House Republicans Cite Two Reports Discussing Federal Financial Aid**

House Education and the Workforce Committee Chairman John Boehner (R-OH) and 21st Century Competitiveness Subcommittee Chairman Howard “Buck” McKeon (R-CA) pointed to two new reports released this week as proof that the federal financial aid process needs additional reforms – reforms they say are found in the comprehensive Higher Education Act reauthorization bill they introduced earlier this year, H.R. 4283, the College Access and Opportunity Act.
The two reports released were from the American Council on Education (ACE) and the Government Accountability Office (GAO). The ACE report discusses the problem of otherwise eligible students not filing the Free Application for Federal Student Aid (FAFSA) thereby making them ineligible for federal, state and institutional aid. The report released by the GAO earlier this week examines the financial management at the U.S. Department of Education’s Office of Federal Student Aid (FSA) and shows that FSA has made significant progress in strengthening financial management to meet performance goals.

The chairmen point out that their reauthorization bill helps solve many of the problems discussed in the reports. The GOP reauthorization bill alters the “simplified needs test,” which is the formula that determines the amount of aid for which a family will qualify; creates incentives for schools to keep their default rates low and increase the speed at which students receive their loan funds; and allows dependent students to earn more money without having it adversely affect the amount of financial aid they receive.

Chairman McKeon stated, “The federal financial aid system is meant to break down barriers for students, not create them. That’s why we’re working to further simplify the financial aid application process and strengthen the way these programs are administered so that more American students can pursue a college education with the help of federal student aid.”

A copy of this release can be obtained from the House Education and the Workforce Committee website at http://edworkforce.house.gov/.

**Drug Convictions Remain Barrier to Student Aid Eligibility**

Among the urgent issues sidelined by Congress’s failure to pass a Higher Education Act reauthorization this year is legislation restoring financial aid eligibility to students previously convicted of drug offenses. In 1998, an amendment to the Higher Education Act banned any student ever convicted of a drug offense from receiving federal aid for at least one year, depending on the offense. If applicants complete an approved rehabilitation program, their eligibility is restored. Rep. Mark Souder (R-IN), the author of the provision, has said his original intent was to restrict the ban to students convicted while already receiving aid. Several pieces of legislation have been introduced to eliminate or amend the ban, including legislation by Souder. But this Congress is expected to only consider appropriations and homeland security bills in its remaining lame duck session, and bills including Souder’s amendment – the Higher Education Act reauthorization and the reauthorization for the Office of National Drug Control Policy – have yet to be completed.

**INSIDE ED AND THE ADMINISTRATION**

**Treasury Uses Creative Financing to Avoid Debt Limit**

The Treasury Department has stopped using federal employees’ retirement savings plan contributions to invest in Treasury debt in order to avoid exceeding the statutory limit on the national debt, according to a letter made public yesterday by Treasury Secretary John Snow. The move is necessary so the country does not default on its financial obligations. The debt limit,
which is set by Congress, is $7.4 trillion. Congressional leaders decided to delay a politically charged vote on increasing the debt limit until after the Nov. 2 election. The debt limit is expected to be dealt with during the “lame duck” Congressional session now planned to begin Nov. 16.

Snow’s letter, sent Thursday to Senate Majority Leader Bill Frist (R-TN), says, "Given current projections, it is imperative that the Congress take action to increase the debt limit by November, at which time all of our previously used prudent and legal actions to avoid breaching the statutory debt limit will be exhausted."

**Department Finishes FSA Handbook Delivery and Issues Errata Notice**

In an October 6 Dear Colleague Letter, Bill Ryan, director of training and information services at Federal Student Aid (FSA) at the Department of Education, announced that all volumes of the 2004-2005 Federal Student Aid Handbook have been printed and mailed. In the letter, Ryan said:

“We sincerely apologize for the delay in getting these materials to you. We have heard from many of you about the importance of getting the FSA Handbook in your hands at the earliest possible date, and we agree wholeheartedly with what we have heard.

Although the most recent volumes to be approved contained no major policy changes, they did substantially reorganize the way information is presented to align it more closely with awarding and disbursement activities at your school. In the course of reorganizing the material, we were able to bring together guidance that had formerly appeared in different chapters of the Handbook.”

To view the entire Dear Colleague letter, visit: [http://www.ifap.ed.gov/eannouncements/1006FSAHB0405ann.html](http://www.ifap.ed.gov/eannouncements/1006FSAHB0405ann.html)

The Department has also released 2004-2005 Handbook correction information. To view the corrections, visit: [http://ifap.ed.gov/sfahandbooks/0405fsahbErrata.html](http://ifap.ed.gov/sfahandbooks/0405fsahbErrata.html)

**Department Issues Dear Colleague Regarding ED-PIN Use**

On September 27, the Department of Education released a Dear Colleague letter from Theresa Shaw, chief operating officer at the Office of Federal Student Aid (FSA). The letter provides clarification of the Department’s policies regarding the use of the ED-PIN, addresses two common ED-PIN policy infractions and explains what the Department’s course of action is regarding violations of ED-PIN policy.

The two common violations of ED-PIN policy are: asking financial aid applicants for their ED-PIN and entities other than the applicant applying for an ED-PIN on the applicant’s behalf.

If the Department suspects ED-PIN policy infractions it will, depending on the situation:
• Attempt to determine if all ED-PIN application information is correct;
• Deactivate the ED-PIN; and
• Invalidate all documents used with the ED-PIN.

To view the entire letter, visit: http://ifap.ed.gov/dpcletters/GEN0410.html

**Department Releases Perkins Threshold, Error Code and Field Code File**

The Office of Federal Student Aid (FSA) at the Department of Education has released the most recent Perkins Threshold, Error Code and Field Code (TEF) file, dated October 1, 2004.

To download the file, visit: http://www.fsadownload.ed.gov/PerkinsTef.htm

**FISAP and Other Deadlines Extended for Institutions Affected by Hurricanes**

The Department of Education has extended the deadline for submission of several filings from October 1, 2004 to October 30, 2004 for institutions and servicers in areas affected by recent hurricanes and other natural disasters. Deadlines extended include: the Fiscal Operations Report for 2003-2004; the Application to Participate for 2005-2006; and the 2003-2004 Pell Grant Reporting.

For more information, visit: http://a257.g.akamaitech.net/7/257/2422/06jun20041800/edocket.access.gpo.gov/2004/04-23183.htm

**GAO Report Examines FSA at Department of Education**

The Government Accountability Office (GAO) released a report earlier this week stating that the U.S. Department of Education’s Office of Federal Student Aid (FSA) made significant progress in improving its financial management since its last review; however, there are still more steps that need to be taken.

The report, titled “Better Strategic and Human Capital Planning Would Help Sustain Management Progress,” was a follow up to a report done in January 2003. In the report, GAO found that FSA made significant progress in addressing key management issues and has plans to implement some additional recommended changes. However, FSA is still lagging in other areas.

The report notes that the progress that has been made in FSA’s management and internal control has resulted in clean audits on its financial statements for the past two years. Additionally, FSA has made some progress with several critical systems integration tasks, but they are currently not on track to have a fully integrated system for several years. Furthermore, FSA has taken significant steps in addressing integrity issues that, if left untouched, could result in waste, fraud and abuse of the federal aid programs. However, FSA still has not developed a comprehensive compliance strategy to ensure reviews are being performed consistently.
With regard to human capital, FSA has increased accountability of its officials, but has seen problems in its human capital strategy as several key staff are preparing for retirement. While there is a plan to redistribute the tasks of those retiring, there is no plan for training the new staff.

From this report, GAO made five recommendations to the Secretary of Education. They are: (1) issue guidance for performing comprehensive compliance reviews; (2) include measures and goals in its performance plans and reports; (3) revise its succession plan; (4) evaluate human capital initiative; and (5) clarify the criteria for awarding bonuses. A full copy of this report can be obtained at: www.gao.gov/new.items/d0531.pdf.

**INDUSTRY NEWS**

**Kerry Supports Perkins Loans in Presidential Debate**

Presidential candidate Senator John Kerry (D-MA) discussed proposed funding cuts to the Perkins Loan Program during the third Presidential debate on October 13. In the debate, both President Bush and Senator Kerry were asked, “What do you say to someone who lost his job?” Kerry’s response named several program cuts proposed and/or enacted by the Bush administration that he opposes, saying, “They’ve cut the Pell Grants and the Perkins loans to help kids be able to go to college.”

To view a complete transcript of the debate, visit: http://www.debates.org/pages/trans2004d.html

**Candidates Debate Pell Grants**

For the past two years, the Bush Administration’s Department of Education, with support from Hill Republicans, and congressional Democrats have exchanged arguments on whether or not the Pell Grant program has been “cut.” Democrats have accused the Republicans of “cutting” the program because the maximum grant has not been increased as much as proposed by the higher education community. The Department and Republicans have responded by arguing that actual funding for the Pell Grant program has expanded dramatically.

During Wednesday’s presidential debate in Tempe, Arizona, the Pell Grant issue emerged as the most prominent education issue discussed. Several references were made by both candidates, with Senator John Kerry (MA) accusing President Bush of “cutting” Pell Grants and President Bush noting that over a million more students receive Pell Grants today than before he took office in 2001.

The following is a short summary of the discussion of Pell Grants as reported in the Thursday edition of *The Washington Post*:

“In a series of dueling statistics, the two men tussled over Pell Grants, which assist college students, providing that each side can find the numbers for putting the best gloss on their case. Kerry said that ‘they’ve cut the Pell Grants . . . they’re not getting the $5,100 the president promised them.’ Bush countered: ‘He said we cut Pell Grants. We’ve increased Pell Grants by a million students.’
“In the 2000 campaign, Bush promised a maximum grant of $5,100 for each freshman. When Bush released his budget in February, it capped the maximum Pell Grant award to $4,050 for the third year in a row, and the American Association of Community Colleges called it a freeze that would be a ‘severe blow’ to students from low-income families at a time of declining state and local support for public higher education. The White House has argued that the program has a $3.7 billion shortfall, and that raising the maximum award while making the shortfall worse would be irresponsible.

“Since 2001, the number of Pell Grant recipients has risen by 1 million, in part—as Kerry pointed out—because the program is based on eligibility according to a formula, and low incomes can raise the number of students eligible.”

In our opinion, the Post summary of the exchange and the current situation in the Pell Grant program is correct. We note, however, that in fact the maximum Pell Grant has not been “cut” but has been increased during Bush’s Presidency.

Chairman of the House Committee on Education and the Workforce John Boehner (R-OH) summarizes Republican accomplishments relating to the Pell Grant program on the Education and the Workforce website as follows:

- “Pell Grants have received substantial support in recent years – in fact, in the past nine years the Republican-controlled Congress has increased overall funding for Pell Grants by 95 percent to $12 billion this year (FY2004), and the House has passed a spending measure to add more than $800 million in FY2005. The maximum award has increased from $2,340 to $4,050 – an increase of 73 percent.

- “More students than ever are receiving Pell Grants – in fact, more than 5 million students are benefitting from Pell Grants this year alone. And the maximum grant, $4,050, is the highest it has ever been in the Pell Grant program’s history. Roughly a million more students are receiving Pell Grants now than were receiving them when President Bush took office.”

A complete transcript of the debate may be found at [http://www.washingtonpost.com/wp-srv/politics/debatereferee/debate_1013.html](http://www.washingtonpost.com/wp-srv/politics/debatereferee/debate_1013.html) and many other internet sites.

Chairman Boehner’s information on the Pell Grant program may be found at: [http://edworkforce.house.gov/issues/108th/recess/studentaid.htm](http://edworkforce.house.gov/issues/108th/recess/studentaid.htm).

**Small Scholarships Often Make the Difference for Low-Income Students**

For many, exhausting Pell Grant and federal student loan maximums is not enough aid to have the financial resources to attend college. This is where scholarship organizations come in to provide the “last dollar.” Many of these organizations, operating under the National College Access Network (NCAN) umbrella group, provide need and merit-based aid to students who need a few dollars more to attend college, but have exhausted most other forms of financial aid.
One such group, the Scholarship Fund of Alexandria, provides small, but important financial aid to deserving Alexandria, VA students. While the awards are typically small, they often mean the difference between attending college or not. Mabel Watson, mother of an Alexandria award recipient, said that the scholarship program is there “to help you slide right on it [to college.]”

**Tougher Classes Linked to Financial Aid Eligibility**

The Indiana Education Roundtable has approved measures that link rigorous high school academic coursework to financial aid eligibility at Indiana public colleges and universities. The new policy, expected to be approved by the state Board of Education, uses the Indiana Core 40 high school curriculum as a requirement for some forms of student aid, although ultimately institutions have the final say regarding student aid disbursement.

The move is designed to decrease expenditures on remedial education at state institutions. Last year, four-year institutions in Indiana spent $29 million on remedial education while community colleges spent over $66 million. The first class to be subject to the new regulations would be current eighth graders. The Core 40 curriculum will be the standard graduation requirement for the class of 2011 – today’s sixth graders.

**Defense Appropriations Bill Penalizes Schools that Ban Military Recruiters**

Buried in the Defense Department Appropriations bill is a provision that would penalize colleges that ban military recruiters from their campuses. The provision was adopted from H.R. 3966, a bill that passed the House of Representatives in March that broadens an existing law permitting only Department of Defense money to be withheld from colleges. The provision expands the penalty by withholding defense-related funds from the Central Intelligence Agency, the departments of Homeland Security, Transportation, and the Department of Energy’s National Nuclear Security Administration. Many colleges do not want to allow military recruiters on campus because their policy against gay and lesbian members of the armed forces goes against colleges’ antidiscrimination policies.

**Debt Prevents Some Students from Graduating**

Faja Farqunharson is a very capable student: a daughter of an immigrant family and a first generation college student, Farqunharson was in the top ten percent of her high school class. After graduation, Farqunharson enrolled in college with plans of paying tuition costs with significant help from her college as well as federal grants and loans. However, Farqunharson was unable to keep up with college costs and fell further into debt. She dropped out of college because of the inability to cover quarterly costs of $5,000, leaving her with $25,000 in federal loans to pay back. Farqunharson desired to continue her college education at a less expensive school; however, Northeastern University told her they would not release her transcript until she had paid off her debt. At 25 years old Farqunharson now lacks a college degree and is working to pay off her Northeastern bill. Specialists say financial problems such as Farqunharson’s are becoming increasingly common as tuition costs are growing faster than the growth of the federal Pell Grant system. As a result, students are taking out larger loans to fund their degrees.
ACE Finds Undergrads Not Applying for Financial Aid

According to a new issue brief by the American Council on Education (ACE), many colleges students did not fill out the standard application that determines the amount of federal financial aid they qualify for to help pay for college. In academic year 1999-2000, 50 percent of undergraduate students did not fill out the Free Application for Federal Student Aid (FAFSA), according to the ACE brief. The brief looks at the reasons as to why students did not apply for aid, who these students are, and whether or not these particular students would have received aid if they did apply. To view the entire report, visit http://www.acenet.edu/resources/HigherEdFacts/issue-briefs/2004FAFSA.pdf

Recent ACE and CEF Activity

Although both chambers of Congress were busy during early October, little activity aside from the 9.5 percent floor income legislation and the one-year extension of the Higher Education Act was relevant to the education community. With work on corporate tax policies and reforming intelligence agencies consuming floor time, FY2005 appropriations work has been pushed back (given that it is football season, the appropriate term is “punted”) until the lame-duck session in November, or, depending on the outcome of the elections, until next Congress. As a result, there has been little activity for the American Council on Education (ACE) and the Committee for Education Funding (CEF) to report on.

While CEF steered clear of the debate over the 9.5 percent student loan issue, ACE sent a letter to Congress supporting the recently passed Boehner-Gregg bill and also in favor of a permanent fix.

ACE and CEF will resume regular meetings once Congress returns in November.
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hwadsworth@wpllc.net
October 1, 2004

Ms. Pamela Moran
Senior Program Specialist
Office of Postsecondary Education
U.S. Department of Education
1990 K Street NW
Room 8023
Washington, DC 20006

Dear Pam:

A number of our member institutions have asked for guidance with the Perkins Loan Disclosure – Regulation 34 CFR 674.16(a). It would be extremely helpful to institutions to have a “sample” Loan Disclosure document, similar to the “Federal Stafford Loan Plain Language Disclosure” that the Department currently provides for the FFEL lenders. This would give institutions guidance to ensure that all requirements are met, while allowing institutions the flexibility to expand the document, if needed.

Thank you for considering this request. If you have any questions, please contact one of us or COHEAO Executive Director Harrison Wadsworth.

Sincerely,

Jeanne Dotson
President

Alisa Abadinsky
Vice President
Request for Nominations
COHEAO Board of Directors (Formerly Steering Committee)

The COHEAO Board of Directors (formerly Steering Committee) is comprised of four elected officers (President, Vice President, Secretary and Treasurer), three elected Members-at-Large and nine appointed chairpersons. All positions are two-year terms (with a two-term limit for any individual position). The positions of President, Vice-President and all chairpersons serve terms beginning in odd numbered years. The positions of Secretary, Treasurer and Member-at-Large begin in even number years.

We are currently seeking nominations for President, Vice-President and committee chairpersons.

We encourage all COHEAO members to give consideration to completing and returning the nomination form. Nominations can be made via e-mail to COHEAOelections@wpilc.net or by mailing to:

COHEAO
1101 Vermont Ave. N.W. Suite 400
Washington DC  20005-3521

Note: While nominations can be made by anyone, only the “primary” member of a school or institution may serve on the Board of Directors. Please consult the membership directory distributed at the Mid-Year Meeting for a list of Primary COHEAO members. If you have any questions regarding membership or responsibilities of these positions, please consult the COHEAO bylaws available in the Members section at www.coheao.org.

All nominees will be contacted and encouraged to pursue in the available Board positions. This year’s election will be conducted via e-mail ballot with ballots sent to all “primary” members in November to vote for the elected President and Vice-President positions. Those nominated for Chairperson positions will be requested to meet with the officers of COHEAO on the Saturday before the January annual conference for an interview with selections announced at the annual conference.

All nominations must be received by October 31, 2004.

I nominate the following individuals for the COHEAO Board of Directors as noted:

President: __________________________
Vice-President: ____________________

Committee Chair - You may nominate an individual for a chair position in general or designate a specific chair from the list below. You may nominate as many individuals as you wish:

Nomination: ______________________   Nomination: ______________________
Nomination: ______________________   Nomination: ______________________
Nomination: ______________________   Nomination: ______________________
Nomination: ______________________   Nomination: ______________________

Chair positions include:
- Membership Co-Chair – Commercial (must be a commercial member)
- Membership Co-Chair – Institutional (must be a school member)
- Membership Co-Chair – Alliance Liaison
- Commercial Chair (must be a commercial member and is selected by the Commercial Committee)
- Operations & Budget Chair
- Legislative Chair
- Legislative Co-Chair – Perkins
- Legislative Co-Chair – Regulations & NPRM
- Legislative Co-Chair - Technology
September XX, 2004

The Honorable X
United States X
X Office Building
Washington, D.C. X

Dear X:

On behalf of <<insert school name here>>, we urge you to restore the $98.7 million cut in funding for the Perkins student loan program that is proposed by the House version of the appropriations legislation for the Department of Education. The elimination of most of the funding for Perkins loans will mean that <<your state>> will lose <<insert your state’s funding here>> next year. Without this money, a federal capital contribution that is partially matched by school funds, some students in <<your state>> will not receive the student loan funds they need for higher education. This cut is real. And, since Perkins Loans serve the lowest income students, and it will hurt those who need financial aid the most.

The demand for Perkins Loans always outstrips the supply of loan funds. Stafford Loans are not a substitute – their loan limits are far too low for many students. By cutting Perkins loans, you will be forcing students 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 students will be turned down. Please don’t deny current and future students the opportunity for higher education by cutting the Perkins Loan Program.

At <<institution>> we receive <<insert FCC>> annually as part of the Perkins Loan Federal Capital Contribution. Without the capital contribution, we will not be able to make <<insert number of loans that your institution would be unable to make without the FCC. If this figure is unavailable, divide your school’s FCC by the size of the average Perkins Loan, $1,790.>> next year.

More than 2,200 postsecondary institutions have chosen to provide Perkins Loans to their students over the past 43 years because they know the program works. We believe -- and have seen for ourselves -- that the Perkins program plays a critical role in our nation’s financial aid system, especially for the lowest-income students. The capital contribution is needed to help students now. Because the funds will be repaid and re-lent, Perkins represents a direct investment in our country’s future.

At a time when access to education is increasingly important, we again ask that you restore funding for the Perkins Loan Federal Capital Contribution at least to this year’s level of $98.7 million, a level far below the $250 million authorized by the Higher Education Act. If you would like to discuss this issue further, please contact <<insert contact information>>.

Sincerely,
SUPPORT FUNDING OF PERKINS LOANS FOR LOW-INCOME STUDENTS

- The demand for Perkins Loans always outstrips the supply of loan funds. Stafford Loans are not a substitute – their loan limits are far too low for many students.

- 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.

- 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-income students will be 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. Unless campuses are reimbursed for cancellations, loans will not be available for future generations of students. Additional funding is needed to make up for past shortfalls.

- The $140 million requested by COHEAO and the Student Aid Alliance for the Federal Capital Contribution would result in at least $175 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.

- Without the federal contribution and its minimum school matches, almost 100,000 additional low-income students across the country won’t receive the loans they need for higher education. ($175 million divided by the average Perkins loan of $1,790). Failing to fund the contribution means that students from every state will be left out. Even failing to fund last year’s federal contribution of $98.7 million will, counting the school matches, leave 69,000 students without the funds they need next year.

- Because the Perkins Capital Contribution is forward funded, the FY2004-2005 appropriation funds the 2005-2006 academic year. Any increased funds available from consolidation loan payoffs of Perkins will be gone, since rising interest rates will sharply reduce the desirability of consolidation. Regardless, even with the increased repayments from consolidation loans, schools are lending all of their Perkins money to needy students.

- **Request:** Include in the FY2005 appropriation for the Department of Education $140 million in funding for the Perkins Student Loan Program Capital Contribution and $120 million in reimbursements of cancelled loans. The authorized maximum is $250 million. The FY2004 levels were $98.7 million for the capital contribution and $66.7 million for reimbursements.
State Totals of the Federal Capital Contribution for Perkins Loans, 
Award Year 2004-2005

<table>
<thead>
<tr>
<th>State</th>
<th>Perkins FCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nebraska</td>
<td>967,588</td>
</tr>
<tr>
<td>Nevada</td>
<td>155,997</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>797,323</td>
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<tr>
<td>Alabama</td>
<td>748,265</td>
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<td>Alaska</td>
<td>0</td>
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<tr>
<td>Arizona</td>
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<td>New York</td>
<td>8,199,638</td>
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<td>766,068</td>
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<td>North Carolina</td>
<td>2,178,803</td>
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<tr>
<td>California</td>
<td>9,609,684</td>
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<tr>
<td>North Dakota</td>
<td>455,839</td>
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<tr>
<td>Colorado</td>
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<tr>
<td>Ohio</td>
<td>4,097,236</td>
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<tr>
<td>Connecticut</td>
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<tr>
<td>Oklahoma</td>
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<tr>
<td>Delaware</td>
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<td>Oregon</td>
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<tr>
<td>Florida</td>
<td>2,172,534</td>
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<td>Pennsylvania</td>
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<tr>
<td>Georgia</td>
<td>1,158,772</td>
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<td>Puerto Rico</td>
<td>934,652</td>
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<tr>
<td>Hawaii</td>
<td>274,336</td>
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<tr>
<td>Rhode Island</td>
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<td>South Carolina</td>
<td>934,091</td>
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<td>Illinois</td>
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<td>Tennessee</td>
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<td>Iowa</td>
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<td>Texas</td>
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<td>Kansas</td>
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<tr>
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<td>Maryland</td>
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<td>Washington DC</td>
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<td>Massachusetts</td>
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<td>West Virginia</td>
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<td>Wisconsin</td>
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<tr>
<td>Minnesota</td>
<td>2,292,287</td>
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<tr>
<td>Wyoming</td>
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<td>Mississippi</td>
<td>1,303,454</td>
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<tr>
<td>Missouri</td>
<td>2,295,397</td>
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<tr>
<td>Montana</td>
<td>458,784</td>
</tr>
<tr>
<td>U.S. TOTAL:</td>
<td><strong>98,556,415</strong></td>
</tr>
</tbody>
</table>

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1 Source: U.S. Department of Education. For Individual School Totals, Go to: 
http://www.ifap.ed.gov/cbpmaterials/0405CBCongreportApril8CoverLtr.html
Register Today
for the
2005 COHEAO Annual Conference
January 30 - February 2
at the
Ritz-Carlton Pentagon City, Arlington, Virginia
THREE WAYS TO REGISTER NOW AVAILABLE
1. ONLINE at www.coheao.org
   credit card payment available only online
2. By fax: 202-371-0197
3. By mail: COHEAO, 1101 Vermont Ave., NW, Suite 400,
   Washington, DC, 20005

Name: ____________________________________________________________
Title: ____________________________________________________________
Organization: _______________________________________________________
Address: __________________________________________________________
City: _____________________________________________________________
State:_______ Zip: ______________
Email: _____________________________________________________________

Member $ 495  Non-Member $ 550

Onsite Registration:
$510 for COHEAO Members
$565 for Non-members

Please send check or money order for the appropriate amount to
COHEAO, 1101 Vermont Ave, NW, Suite 400, Washington, DC, 20005
OR REGISTER ONLINE TO PAY BY CREDIT CARD at www.coheao.org.

Hotel reservations should be made separately by calling the Ritz-Carlton Pentagon City
at (703) 415-5000. To ensure that you receive the SPECIAL COHEAO ANNUAL
CONFERENCE HOTEL ROOM RATE OF $195 for a single or double room call for
reservations before January 5, 2005.

Refunds - Requests for refunds will be honored only if notification of cancellation is received five business days
before the conference. Registrants who fail to cancel will not be refunded their registration fee. With at least ten
business days notice, the full registration fee may be applied to a future COHEAO conference. A $50.00
administrative fee will be charged for all cancellations. No refund will be honored after the conference.
Substitutions may be made if registrant cannot attend. Please notify COHEAO of substitutions by fax 202-371-
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