MESSAGE FROM THE PRESIDENT
JEANNE F. DOTSON

When I looked at the calendar today, I realized it is time to say “Happy Thanksgiving”. It seems like just a few weeks ago that I sent Halloween greetings.

The election is over and we have, in some instances, new people in office. There is still time to visit with your Congressmen and Women regarding the need for more funding for Education. Please do not give up the fight. It is so important for the future of our young people. Our local FOX television station several weeks ago interviewed me regarding the possible elimination of the Federal Perkins Loan Program. It aired last night. I have received numerous telephone calls today asking if this could really happen. My answer has been, “yes, it can happen if we don’t all do our part in educating those in charge of allocations”.

Be sure to vote in our COHEAO election and now that I am a famous television personality (in Fargo, North Dakota) I will be back in two weeks.

Ciao’
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**COHEAO News**

**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, go to [http://www.coheao.org](http://www.coheao.org) and click on the link under "2005 COHEAO Annual Conference" or fill out the attached form and fax it to 202-371-0197 or mail it to 1101 Vermont Avenue, NW., Suite 400, Washington, DC 20005. Payment can be by credit card via the web site or by check.

This will be a key conference that will cover the many hot issues in Congress and in the administration of the program. Topics that will be covered include a renewed look at the restarting Higher Education Act reauthorization -- new Senate leadership will mean changes in the approach, a discussion of major new institutional reporting requirements by the National Center on for Education Statistics, more on the controversial E-Oscar process for reporting to credit bureaus, and addresses by key members of Congress and staff. There will be an update on the status of the FY2005 appropriations process and the outlook for FY2006 and beyond. We also will be planning a breakfast on Capital Hill followed by an opportunity to visit members of Congress from your state. With the Perkins Loan program under more scrutiny than in many years, it will be important to let your representatives know of its importance to students.

If you have any questions about the Annual Conference, please let Andrew Stringer or Harrison Wadsworth know by calling 202-289-3910 or 3903 or astringer@wpllc.net. We look forward to having a great turnout at this very important conference.

**COHEAO to Hold Perkins Teleconference on December 7**

Mark your calendars, COHEAO will hold a teleconference on December 7 from 2 to 3:30 p.m. eastern time to discuss how to effectively communicate with Members of Congress and on how the upcoming elections will affect the Perkins Loan Program and higher education in general. This will be a great opportunity to hear from experienced advocates about how to get your point across. The teleconference will be free for COHEAO members and cost $75 for non-members.

To register, complete and fax the attached registration form. Online registration will be available next week.

**Letter to Support the Perkins Loan Program**

A number of COHEAO members have written Congressmen and Senators in their states asking that funding be kept for the Perkins Loan Federal Capital Contribution. The Senate Appropriations Committee has supported funding in the FY2005 Labor, Health and Human Services and Education appropriations bill, but the House is calling for a major cut. This will all probably be decided next week – so it’s not too late to send a letter or even just make a telephone call. Please fax a letter, as described below, or call the Washington office of the representatives.
and senators from your state right away. Let them know your institution or company supports funding for the Perkins Loan capital contribution and opposes cuts.

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/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 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. For your Senators, go to 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, 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

Republican Election Victories Have Potential to Change Education Funding Environment

Although funding for the Department of Education grew by 58 percent during President George W. Bush’s first term, last Tuesday’s surprisingly strong Republican election victories are generating concern within the higher education community that funding for higher education programs could be squeezed in 2005. Concern stems from the belief that Bush will act more decisively to address the federal budget deficit, a likely 2006 and 2008 election issue, and that increased Republican majorities in the House and Senate will make spending cuts more likely.

To date, federal education spending has typically been higher than proposed by the president in his annual budgets. This pattern appears likely to persist with the FY2005 Labor-HHS-Education Appropriations bill (H.R. 5006/S. 2810), which Congress is expected to address during the November 16-19 lame duck session.

President Bush’s FY2006 budget proposals, which will formally be submitted to Congress in February 2005, are expected to include larger budget cuts than in previous budgets.

Concern about more restrictive budget proposals from President Bush was offset, in part, by the re-election of Senator Arlen Specter (R-PA), the chairman of the Senate Subcommittee on Labor-HHS-Education Appropriations. Specter has consistently fought for increased funding for education programs, including in the higher education area.

The community’s uneasiness also reflects the fact that the chairmanships of both the Senate and House appropriations committees will change in the new Congress. Senator Thad Cochran (R-MS) will assume the chairmanship of the Senate Committee and Rep. Ralph Regula (R-OH) will assume the House chair. While the community has worked with both legislators in the past, especially Regula, some in the community are concerned that both legislators will follow President Bush’s lead on deficit reduction legislation.

**Gregg Resigns as HELP Chairman**

Senator Judd Gregg (R-NH) announced that he plans to step down as chairman of the Senate Health, Education, Labor and Pensions (HELP) Committee to become chairman of the Senate Budget Committee. Gregg will remain a member of the committee. Rumors had been circulating that Gregg would be making the move because current Budget Committee Chairman Don Nickles (R-OK) is retiring. Gregg was instrumental in getting $5 billion in extra funds for the Higher Education Act (HEA) included in this year’s Senate Budget Resolution, which never passed, so the funding never became available to help smooth passage of HEA reauthorization this year.

Senator Michael Enzi (R-WY), meanwhile, is almost certain to be the new chairman, and apparently has Gregg’s support for the post. The ratification of the changes will be made during the coming weeks by the Republican members of the committees and then by the full Republican
Senate caucus. The new chairmen will take over when the new Congress convenes in early January.

Enzi is expected to be a thoughtful and engaged chairman who will do a good job managing higher education and the many other – some far stickier – issues in the committee’s jurisdiction (such as pension reform and health care).

In a press conference announcing his decision, Gregg said, “I look forward to working with Senator Enzi, who I presume will be the new chairman, on especially issues of health and education, where I've tried to make a mark and be constructive…. The Budget Committee is one of the key pressure points in the Congress where you can impact the question of how you maintain fiscal responsibility and especially address the deficit, and where you can also address issues such as these public policy questions of retirement and the demographic shift and the effect that it's going to have on Social Security and health care…. I intend to bring to the Budget Committee what I call New Hampshire values, which is that you live within your means, without raising taxes.”

**Durbin to become Senate Minority Whip**

Senator Richard J. Durbin (D-IL) has apparently locked up the position of Senate Minority Whip in the 109th Congress. Durbin’s only reported opponent Senator Byron L. Dorgan (D-ND) announced last Friday that he is not going to seek the post. Dorgan, currently chairman of the Democratic Policy Committee, plans to remain in his position. He commented, “Our Democratic caucus needs to be united and aggressive in working on the issues we know will strengthen this country.” The current Minority Whip, Sen. Harry Reid (D-NV), is expected to be elected Minority Leader, replacing Sen. Tom Daschle (D-SD) who was defeated for re-election.

**Specter Comes Under Fire for Judicial Appointment Comments**

Several conservative groups launched a major push to try to deny Sen. Arlen Specter (R-PA) the chairmanship of the Judiciary Committee in the next Congress. Conservative activists seized on a statement Specter made cautioning President Bush about judicial appointments. Specter says the statement was taken out of context in press reports, and he notes that he has supported all of Bush’s judicial appointments that have come before the Senate so far. He has asked for a closed-door meeting of his Judiciary Committee colleagues to discuss the matter. Specter now serves as chairman of the Senate Appropriations Subcommittee on Labor, HHS and Education, which he would apparently be able to retain if he gets the Judiciary post.

**Education and the Workforce Staffer Discusses Higher Education Act Reauthorization**

Heath Weems, legislative assistant for Subcommittee on 21st Century Competitiveness Chairman Howard “Buck” McKeon, addressed the Consumer Bankers Association (CBA) Student Lending Conference on Monday morning. During his remarks, Weems noted that the higher education system was in crisis, and Chairman McKeon addressed the cost crisis head-on in the reauthorization bill introduced this past year. When asked about the prospects for reauthorization during the 109th Congress, Weems stated that he expected a bill to be introduced
early in the legislative year so that it is voted on by the full House of Representatives in “early Spring.” He also noted that the College Access and Opportunity Act, H.R. 4283, will be the “heart and soul” of the reauthorization bill this year.

Congressman Chris Van Hollen Speaks on Higher Education Issues

Representative Chris Van Hollen (D-MD) addressed the Consumer Bankers Association (CBA) Student Lending Conference on Tuesday morning. In his remarks, Van Hollen noted that he hopes to move reauthorization early in the 109th Congress. He also noted that with the decreasing purchasing power of the Pell Grant, student loans are playing a more important role in funding student’s dreams of college. Therefore, it is important that loan limits be increased, the repayment plan options in the Stafford loan program be re-examined, that origination fees be phased out and that the provision that guarantees a minimum return of 9.5 percent to holders of some loan be permanently fixed to reduce government costs, he said.

Van Hollen also discussed moving to a variable rate for consolidation loans. The Congressman noted that a number of issues are in play with the variable rate. Although some argue that the cost to the government will increase if Congress does not switch to a variable interest rate on consolidation loans, Van Hollen believes Congress should look to other areas outside of the student loan program to find extra resources to spend for improving higher education so that funding for access to college can be expanded without reducing the taxpayer subsidies that consolidation loan borrowers receive. Criticizing a recently passed bill that cuts some corporate taxes, he suggested that one way to do this was to work to push higher education up on the country’s list of national priorities.

INSIDE ED AND THE ADMINISTRATION

Bush Unlikely to Push Higher Education Reform in Second Term

While on the campaign trail, President Bush made several promises to improve higher education, including increasing student financial aid and easing the transfer process. Also, with a Republican majority in the House and Senate, Bush has a better chance at passing several of his initiatives; however, because of more pressing issues such as the elections in Iraq and reforming the Social Security system along with a tight budget environment, higher education is likely to be placed on the back-burner.

Fed Reserve Increases Interest Rates

The Federal Reserve Board announced Thursday an increase in the federal funds rate from 1.75 percent to 2 percent, and Treasury bill rates rose. This announcement caused banks to raise their prime lending rate for business loans from 4.75 percent to 5 percent. The 91-day Treasury bill rates have risen a full percentage point since the first of the year, rising above 2 percent in this week’s auction for the first time since November 2001. This may shake the consolidation loan business next summer, but between now and July 1, 2006, it is likely that a land rush of people trying to catch June 2004 rates and lock-in long-term taxpayer subsidies.
Department Releases 2005-2006 EDE Technical Reference

The Department of Education has released the 2005-2006 Electronic Data Exchange (EDE) Technical Reference. The document can be viewed at:
http://ifap.ed.gov/edereferences/0506EDETechRefNov.html

NCES Releases IPEDS Executive Peer Tool

The National Center for Education Statistics (NCES) has released the IPEDS Executive Peer Tool for the 2003-2004 National Postsecondary Education Cooperative IPEDS Data Feedback Report.

The tool and subsequent information allows users to compare a wide variety of information on a particular higher education institution against the institution’s peers or other user-selected schools. Users can compare information on tuition, faculty compensation, student support and several other criteria.

The Executive Peer Tool is available at http://nces.ed.gov/ipedspas/expt/

FSA to Hold Videoconference on Application and Delivery System

On November 18, the Department of Education, Federal Student Aid Office (FSA) will hold a videoconference on “The Application and Delivery System: What’s New for 2005-2006.” The videoconference will discuss: the Free Application for Federal Student Aid (FAFSA); EDExpress; the Central Processing System (CPS); and several other areas.

For more information, including registration information, visit:

HRSA Extends SDS Deadline

The Health Resources and Services Administration (HRSA) announced this week that it has resolved technical difficulties surrounding the Scholarship for Disadvantaged Students (SDS) application for the 2005-2006 academic year. The application is now available online. As a result of the problems, the deadline has been extended from December 17 to December 24, 2004.

For more information visit: http://bhpr.hrsa.gov/dsa/weblinks/

INDUSTRY NEWS

NASFAA Continues Work on Inducements

An initiative to define acceptable practices by student loan lenders and schools on “inducements” that was started by National Association of Student Financial Aid Administrators (NASFAA)
President Dallas Martin two years ago is nearing completion. The student lending associations endorsed a final document, “Guidelines for FFELP Industry Practices.” The document is now being circulated so that individual institutions of higher education and lenders will have an opportunity to sign. The Consumer Bankers Association, the Education Finance Council and the National Council of Higher Education Loan Programs have endorsed the document so far. Sallie Mae has indicated it will also endorse it.

**Seven Indicted for Student Aid Fraud**

Seven people who allegedly cheated the federal government out of $400,000 in student loans have been indicted. According to *The Associated Press*, the seven people applied for financial aid at Kirkwood Community College in Cedar Rapids, IA without the intention of attending classes. If convicted, they could get up to five years and a $250,000 fine on each charge.

**Young Voters Less of a Factor than Expected**

The 2004 presidential election was supposed to be the “breakout” year for young voters age 18 to 24. However, only about 17 percent of voters were in this age group - approximately the same as in 2000. College campuses and many organizations, such as Rock the Vote, pushed national voter mobilization drives in efforts to increase the youth vote. Exit polls showed that the majority of young people voted for John Kerry over President Bush, 54 to 44 percent, respectively. Although the number of youth votes increased this year compared to 2000, the number of all voters also increased; therefore the youth share of the electorate was the same this year as in 2000.

**Conference Examines Information Technology at Community Colleges**

*The Chronicle of Higher Education* has been reporting on the League for Innovation in the Community College’s 2004 Conference on Information Technology, a four-day conference examining the application of information technology in technical and community colleges. The conference, held in Tampa, FL from Nov. 7-10, featured speakers such as Florida Gov. Jeb Bush and U.S. Department of Homeland Security Chief Information Officer Steven I. Cooper. Topics addressed included cyber-security; “smart classrooms,” or, technology-infused teaching spaces; high-tech gadgets, such as laptops and high-definition television; and ways to combat information technology plagiarism.

**University of Maryland Students Protest Higher Education Funding**

On Tuesday night, 1,000 University of Maryland students and state government officials gathered on campus to protest insufficient higher education funding. The 30-minute rally was Student Government Association President Aaron Kraus’ attempt to convince Governor Bob Ehrlich of university students’ concern for the rising costs of higher education at state institutions. On December 9, the Board of Regents Finance Committee will decide what next year’s tuition will be, and the entire board will vote on December 10.
Stolen Computers Contain Student Information

The identities of four students who hold educational loans through Wells Fargo Bank may be compromised after four computers from a printing company in Atlanta, Georgia were stolen. Kevin Waetke, a Wells Fargo spokesman in Des Moines, Iowa said, “The third-party vendor involved mostly students and a small number of customers holding mortgages. The exact number of customers affected won’t be released to protect the ongoing criminal investigation. The computers contained names, addresses and Social Security numbers basically.” It is believed that there were no passwords or personal ID numbers with those accounts. No identity thefts from the crime have been reported thus far, and Wells Fargo has offered compensation to customers affected by the violation with a one year’s free subscription to the bank’s identity theft protection program.

Recent ACE and CEF Activity

The Committee for Education Function (CEF) held a meeting last week to discuss election results and their potential impact on the education community. In preparing for next week’s lame duck session, CEF wrote Congressional appropriators a letter advocating for increased funding, particularly for programs that received cuts in the House FY2005 Labor, Health and Human Services and Education Appropriations bill. The letter specifically mentions the zeroing out of the Perkins Loan Federal Capital Contribution. CEF members, including COHEAO representative Andrew Stringer, will be conducting visits to Congressional offices next week to advocate for education funding.
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November 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>
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**U.S. TOTAL:** 98,556,415

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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*
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Tuesday, December 7, 2004
2:00 - 3:30 p.m. Eastern

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