

In-Line With LASFAA

Spring Edition
May 2009

Letter From the President

Greetings LASFAA members,

The evaluations are in and I am very excited to report to you that the Spring Conference was a success. Denise Spellman (program), Cindy Perez (site) and Emily London-Jones (boot camp) did a spectacular job helping us to "bridge the gap" between the federal "regulations" and our office "policies" so that we all remain in "compliance". I want to thank all of our members who joined us and put up with the long walk from the hotel to the conference area, the cold meeting rooms, and didn't complain too much about the boxed lunches! You were so gracious during this time of change. This conference was about getting back to the basics with wonderful speakers from the US Department of Education, Board of Regents, LOSFA, and our own experts from within the financial aid offices. Many of you were pleased with being able to ask questions frankly during the sessions as well as having the opportunity to network with these folks during the breaks. During this time of so many changes within our industry, I ask you to continue to voice your opinions and fight for the programs which benefit our students most.

The Fall Conference Committees will study the evaluations and take into consideration ALL of the comments and suggestions made as a result of the Spring Conference. We will work to have sessions that are timely, informative, and that apply to all types of institutions- universities (private and public), technical and community colleges. Our theme for the Fall Conference, "Pay it Forward; Service to Others", encompasses our theme for the year which is service. This includes serving students, parents, colleagues and our communities. "Pay it Forward" is a book written by Catherine Ryan Hyde, but it's also an idea.



The Pay it Forward Foundation was established in September 2000 by Hyde and others to educate and inspire students to realize that they can change the world, and provide them with opportunities to do so." Aren't we in a similar position to provide opportunities for students to change the world? Because we are in this position, the 2009 LASFAA Board challenges you to "Pay it Forward" each and every day by performing favors for others while asking nothing in return! The idea is for it to have a ripple effect.

Thank you, to Jessica Ciufi and her Publications committee for putting together our online newsletter to keep our members abreast of our current events. LASFAA, we have gotten off to a good start. Hopefully this is a prelude to wonderful things to come for our association. Please do not hesitate to contact me and let me know how LASFAA can serve you better!

*Sincerely,
Shannon*

Credit Card Companies Hook Students Early

Submitted by **Bill McFarland**


Credit cards open up a realm of potential purchases for a typical consumer. That temptation is all too strong for many Americans, at least according to research statistics. Nearly 144 million individuals keep a credit card, maintaining an average of \$8,000 in month-to-month debt. By the end of 2007, Americans carried nearly a billion dollars in credit card balances with interest accruing on a large portion of that amount.

College students add to the growth in credit card debt each fall. In their freshman year, college students receive credit card offers even before they reach campus. By the time they graduate, more than 70 percent of students have begun using a card, adding an average of \$2,000 of debt beyond any student loans they may have borrowed.



Students are good credit risks for banks, despite the fact that they have student loans and often do not have jobs. Research shows that students stay loyal to their first card and continue to make purchases with it far into the future.

According to *Forbes*, the amount of credit card debt among students more than doubled between the mid-1990s and 2004 as a result of a massive marketing campaign aimed at college students.

 A recent study released by the U.S. Public Interest Research Group (U.S. PIRG) shows that 76 percent of students say credit cards have been marketed to them through tables set up on or near college campuses, and nearly a third of these students have been offered a free gift ranging from t-shirts to blankets to iPod™ shuffles.

The report criticizes credit card companies' practice of "renting" tables from campus organizations to reach students. Students are given credit card applications and free gifts while they learn about different activities and clubs on their campus.

Typically, the student club gets a flat fee or a commission for every application completed. Club members may also be offered a commission to get friends, roommates and neighbors to apply for credit cards.

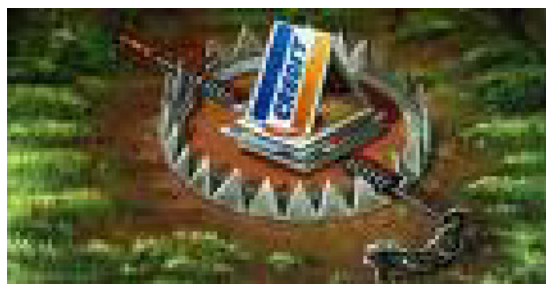
College students also receive an average of five mailings and four phone calls each month urging them to apply for credit cards. U.S. PIRG's findings are based on a nationwide survey of more than 1,500 college students at 40 colleges in 14 states.

Credit Card Companies Hook Students Early

Cont...

Though it didn't reveal how common the practice is, the report also condemns agreements that some card companies have with alumni associations through which the card issuers gain access to students' names and addresses. *USA Today* reported that by 2006, each of the largest 10 colleges and universities — through their alumni or athletic associations — had partnered with a bank to issue cobranded credit cards to alumni and students, earning the colleges millions in annual fees.

When asked how they use their cards, more than half of students (55 percent) reported that they use them for "day-to-day-expenses." The same number (55 percent) reported using them for books. The next highest categories reported were "weekends and pizza" and "emergencies" but very few consumers limited their response to "emergencies." Nearly one-quarter (24 percent) reported that they had used their cards to pay for college tuition.



Bill McFarland is a Senior Account Executive with TG serving schools in LASFAA. You can reach Bill at (800) 252-9743, ext. 2505, or by e-mail at bill.mcfarland@tgslc.org. Additional information about TG can be found online at www.tgslc.org.



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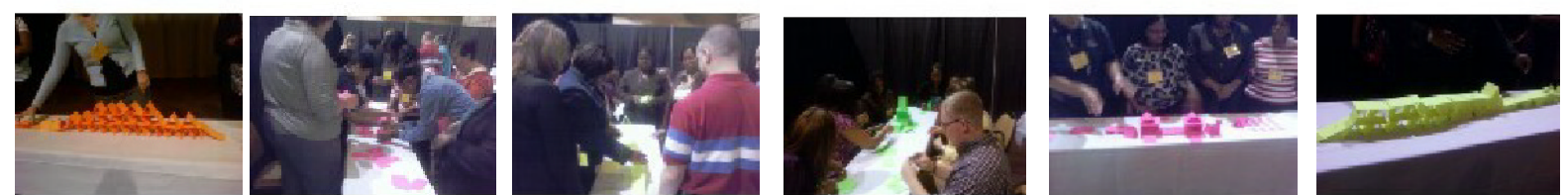


Are you thinking about attending the NASFAA Conference in San Antonio, TX this July, but unsure of what type of sessions to expect? Are you wondering if the sessions will cover the topics you are interested in? Well, there is no reason to wonder. The Conference Committee is aware of these concerns and has worked feverishly to ensure that a wide range of topics are presented at the Conference to meet needs of all our attendees regardless of their experience or interests.

To view a list of sessions by topic, please visit the conference Web site at www.nasfaa.org. From this page you can view the schedule and the click on the link on the left for a session topic breakdown. This list is only a partial list. We will be updating it regularly as sessions are confirmed. Check back often!

A Message From Shannon Regarding the Spring Conference

Based upon the evaluations, the majority of you were very pleased with our Spring conference location, facility, sessions and presenters. Everyone was very gracious and tolerant of the changes that we made in order to save on costs. Kudos to your Program Chair and Second Vice President, **Denise Spellman**, and her committee for putting together a program that had such important and timely topics. Your Site Chair, **Cindy Perez**, and Site Selection chair, **Dawn Eubanks**, did a fantastic job working with the Paragon. The staff there was very accommodating and helped keep our costs down. And what can I say about our Boot Camp? Again, a huge success; even with 1/3 of the budget spent last year! Our newcomers had nothing but good comments regarding the usefulness of this workshop. Thank you **Emily London Jones** and your committee!



CALENDAR

May 3rd-4th: NASFAA Spring Board Meeting, Jackson Hole, WY

May 25th: Happy Memorial Day!

June 26th: LASFAA/LOSFA Advisory Committee Meeting

July 4th: Happy 4th of July!!!

July 12th-15th: NASFAA Conference, San Antonio, TX

Sept. 7th: Happy Labor Day!

Sept. 28th-29th: SWASFAA Board Meeting, Arlington, TX

Oct. 20th-23: LASFAA Fall Conference, New Orleans, LA

Nov. 30th: FSA Conference, Nashville, TN



The Economy Impacts Higher Education

Education is more attractive in tough economic times, but paying for that education proves more challenging.

Students expect that attaining higher education will lead to their future economic success. Hence, going to school often seems the logical choice during tough economic times.

Speaking to this expectation and championing the value of higher education, newly elected President Obama asked “every American to commit to at least one year or more of higher education or career training. This can be community college or a four-year school; vocational training or an apprenticeship. But whatever the training may be, every American will need to get more than a high school diploma.”

While education is more attractive in tough economic times, funding that education proves more challenging during a financial downturn. Traditional support from college endowments, parental income and 529 savings plans have been significantly and negatively impacted in recent years.

Therefore, it’s fitting that the president’s endorsement came on the heels of the recently passed American Recovery and Reinvestment Act (ARRA), which increased college affordability for seven million students by funding the shortfall in Pell Grants – increasing the maximum award level by \$490 and providing a new higher education tax cut to nearly four million students.

Other sources of funding continue to waver. According to a story in the January 26 *New York Times*, the value of university endowments fell about 23 percent on average in the five months ending November 30, 2008. The drop is the biggest in the value of college and university endowments since the mid-1970s. At the same time endowments have declined, students need more help than ever.

So, how are families going to finance education in the short term? An August 2008 Sallie Mae/Gallup Poll indicated the top sources of funds were:

<u>Source</u>	<u>Percentage</u>
Parent Income/Savings	32%
Student Borrowing	23%
Parent Borrowing	16%
Grants/Scholarships	15%
Student Income/Savings	10%
Friends’/Relatives’ Support	3%



The top sources of family funding for education, including parent income, parent savings and home equity, have all felt the strain of the economy. Parent income may be impacted by increasing rates of unemployment, with many expecting the rate to continue to climb in the months ahead.

Any parental savings, including 529 plans, invested in the stock market would have been devastated by the declines in the market in 2008 and this year. *A Wall Street Journal article indicated how some investors in 529 plans have been stuck in stocks due to plan rules limiting investment plan changes to once a year.*

In addition, home equity has also dried up given the nationwide decline in home prices and the reluctance of lenders to extend these loans. The trouble for many parents caught unprepared for the high cost of college is that too much of their own skin may be on the line if they tap their savings, home equity, credit cards or, worse, their retirement savings.

As a result of an increasing need for education loans, more students and families are filling out FAFSAs. In 2008 alone, schools tracked by Student Lending Analytics saw an increase of 20.2 percent in FAFSAs submitted in the first six months of 2008 as compared to the same period in 2007.

In response to this trend, the Department of Education has committed to ensuring that every eligible student and his or her parents are able to obtain the federal student loans they need to meet education expenses. Recently enacted legislation, the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA), provided the Department with new authority to address concerns about the availability of Federal Family Education Loan (FFEL) Program loans through 2009-10. The plan is designed to provide viability in the marketplace for lenders who continue to make loans in this difficult environment. Cont...

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The other option on the table for students and their families nationwide is private student loans, the future of which remains uncertain. While the government hopes that programs like Term Asset-Backed Securities Loan Facility (TALF) will spur the student loan securitization market back to life again, ongoing concerns about weakening fundamentals in the underlying collateral, which will play out over the next 12-24 months, may diminish investor interest. A vibrant securitization market will be needed to get additional credit flowing into the private student loan market.

Despite tough economic times and the resulting challenges, our goal as strong supporters of postsecondary education remains to help students and families find the economic resources to make their education dreams a reality. Because, as our president has said, "This country needs and values the talents of every American."

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For more information on EdFund products and services, contact Michael Amaloo, Senior Client Relations Manager at 17011 Lincoln Avenue, PMB #504, Parker, CO 80134 - Telephone: Toll Free 1.866.299.1741 - Fax: 866.945.6305- mamaloo@edfund.org - www.edfund.org.

Did You Know???

- ◆ One in 150 children is diagnosed with autism, 67 children per day, a new case almost every 20 minutes.
- ◆ More children will be diagnosed with autism this year than with AIDS, diabetes and cancer combined.
- ◆ Autism costs the nation over \$35 billion per year, a figure expected to significantly increase in the next decade.
- ◆ Autism receives less than 5% of the research funding of many less prevalent childhood diseases.

Please consider donating to this cause to help support the Autism Society to do more research.

www.autism-society.org



College Goal Sunday

College Goal Sunday 2009 was a huge success! Attendance was more than last year's event. Thank you to Alvina Thomas, the Financial Aid Awareness Committee, LOSFA, the Site Coordinators and everyone who volunteered.

Date: Sunday, February 15, 2009

Location: Statewide

The following pictures were submitted by Melissa Peltier at the Hammond, LA location. Thanks Melissa!



More photos on next page...

College Goal Sunday Continued...



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Save FFELP!

President Obama has recently announced in his FY 2010 Budget Blueprint of his intention to eliminate the FFELP by July 2010 with the Budget Resolution Act. There have been several related initiatives and proposals generated by various stakeholders, NASFAA, CBA, and other organizations to save the FFEL Program.

"In light of all the rhetoric", states Dewey Knight, Associate Director of financial aid at The University of Mississippi, "I was approached by several colleagues representing universities and colleges that participate in both the direct lending and FFEL programs to facilitate a conversation among recognized school financial aid leaders with respect to the continuation of both the Direct Loan program and the FFELP so that schools and their students will have the ability to choose their lender partners and providers."

Knight's group has developed a 'communique' that will be forwarded to all members of Congress. This 'communique' is available on-line at <http://test.financialaid.umd.edu/letter.cfm>.

"We are asking that only college and university faculty, staff, and students sign and, if desired, add their own personal comments" says Knight. "We feel our voice will be most effective as one exclusively from the school financial aid community with no affiliation with lenders, guarantors, and other lending interests."

A copy of the communique is provided on the next page!

April 3, 2009

Dear Senator or Delegate:

On behalf of the thousands of students that rely on federal student loans to attend college, we are writing to express our opposition to the proposed Budget Resolution and specifically the goal to eliminate the Federal Family Education Loan program (FFELP). As financial aid leaders and students representing colleges and universities from the East Coast to the West Coast, from Direct Lending and the FFEL programs, we believe the competition gained by having two programs has been a benefit to our students.

The Higher Education Act rests on three solid principles -- access, affordability, and choice. By eliminating the FFEL program, we essentially remove the ability for borrowers to choose a lender. This inherent freedom has been available for more than 40 years and with the passing of the proposed Budget Resolution, the only 'lender' available, would be the Department of Education. The Department of Education was designed to implement and ensure compliance to policy. It was not designed to be a bank. Our lending partners are experts in providing educational services to students, including life skills on budgeting and financial management, as well as ensuring repayment of loans. This public/private partnership of the FFEL program has a longstanding and proven track record which has worked successfully for millions of borrowers.

The justification for eliminating the FFEL program is to mandate Pell Grants. This certainly is needed and will provide increased opportunity to students who otherwise may not attend college. We recognize that to mandate Pell Grants within the budget, there must be a way to pay for those increased costs. The vetting through of those costs has yet to be substantiated. There are a number of expenses not considered in estimating the savings: the increase in system infrastructure needed at the Department of Education, the increase in staffing, payments to private contractors, and the cost of providing financial literacy training and management to students. Further, by having the federal government as the only lender, the potential for defaults and delinquencies to increase is substantial. Schools are held to standards regarding their individual cohort default rates and could lose their federal funding if these rates rise above a certain threshold. We should be able to continue to work with partners that aggressively promote repayment and are personally vested in the process. The calculated savings from this decision should be viewed with greater scrutiny before asking thousands of schools to make the significant infrastructure changes that will be required to properly administer a new program. Hundreds of thousands of FFEL program borrowers would need to be advised far in advance of such an entirely new program and their obligations would need to be fully explained. Rushing this legislation presents potential risk and serious public relations damage.

One other point to consider is that lenders who currently provide FFELP loans to our students also provide the funds for necessary private student loans. If those lenders are forced to leave education lending altogether, our students may not be able to borrow the private funding they need to supplement federal assistance. Even with increased Pell funding, we will still have a substantive unmet need at our schools. Many Pell recipients lack adequate resources after exhausting federal, state and institutional aid and will require additional financing options. Moreover, middle class families who do not receive Pell Grants will find themselves in need of additional student loan options after maximizing current government loan programs.

On the basis of these concerns, we urge you to oppose the administration's student loan proposal. Thank you for considering our views.

PAY IT FORWARD

WWW.PAYITFORWARDFOUNDATION.ORG

The theme for this fall's conference is "Pay It Forward, Service to Others". Please send examples of where you and/or your office have done something nice for someone in the hopes that they will reciprocate the act. Learn more about paying it forward by visiting the following two websites:

www.payitforwardfoundation.org

www.payitforwardmovement.org



This In-Line With LASFAA newsletter is brought to you by the Publications Committee.

Please check www.lasfaa.org for updates!



HOW ARE WE DOING?

We want to hear from you!

Please print the attached survey and let us know what you think of In-Line With LASFAA. You may return the survey to Jessica Ciufi via fax @ 985-549-5077 or via e-mail @ jciufi@selu.edu.

THANKS!!!

2009 LASFAA Publications Committee Survey

Section A: PARTICIPANT DATA

1. How long have you been in LASFAA (please circle)?
<1 year 1-3 years 4-6 years 7-10 years >10 years
2. What type of institution do you represent (please circle)?
Public 2 Year Proprietary
Private 2 Year Lender
Public 4 Year Government Agency
Private 4 Year Other (please specify): _____
Technical College

Section B: SURVEY QUESTIONS

1. How satisfied are you with the number of newsletters published per academic year?
Very Satisfied Somewhat Satisfied Not Satisfied Indifferent
Comments: _____
2. How satisfied are you with the publishing dates of the newsletters?
Very Satisfied Somewhat Satisfied Not Satisfied Indifferent
Comments: _____
3. How satisfied are you with the format of the newsletters?
Very Satisfied Somewhat Satisfied Not Satisfied Indifferent
Comments: _____
4. How satisfied are you with the content of the newsletters?
Very Satisfied Somewhat Satisfied Not Satisfied Indifferent
Comments: _____
5. How satisfied are you with the length of the newsletters?
Very Satisfied Somewhat Satisfied Not Satisfied Indifferent
Comments: _____
6. Are there any changes you would like to see in the upcoming newsletters?

7. What is your favorite thing about In-Line With LASFAA?
