

Summer
2001

ONLINE

*Visions
of a
brighter
future*

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VASFAA spring election results announced

BY ZITA BARREE

I am pleased to announce the results of our spring 2001 elections. The following people have been elected to serve on the 2001-2002 VASFAA Board of Directors: president-elect, Barry Simmons, Virginia Tech; secretary, Biz Daniel, National Education; representatives-at-large, Anita Aymer, Tidewater Scholarship Foundation, Brad Barnett, James Madison University, Marcia Boyd, Christopher Newport University, Liza Bruce, ECMC Group, and Melissa Ellyson, Wells Fargo.

On behalf of the Nominations and Elections Committee, I would like to thank all candidates for their willingness to run and to serve our association. As former chair of the Nominations and Elections Committee, I would like to thank the committee members for their hard work and assistance during this process. The members of the committee were: Jeff Arthur, ECPI College of Technology; Jolene Burke, edsouth; Guy Gibbs, Northern Virginia Community College; Nita Holt, Paul D. Camp Community College; Julie Ingram, Virginia Tech; Holly Rison, Randolph-Macon College; and Karen Schinabeck, Longwood College.

A special thanks also goes to Rosa Thomas from Longwood College who staffed the voting booth and helped count votes at the spring conference. Please join me in congratulating all those elected to next year's board!

Zita Barree, Experienced Aid Officer Training Committee, is director of financial aid at J. Sargeant Reynolds Community College.

Membership approves proposed bylaws changes

BY ZITA BARREE

The membership in attendance at the spring conference (along with those who submitted an absentee ballot) voted to approve the proposed changes to the VASFAA bylaws. On behalf of the Bylaws Committee, I thank each of you for your interest and support. The changes to the bylaws will allow for more continuity on the board with the representatives-at-large now serving two-year terms, will provide a broader definition of who is eligible to run for president-elect, and will permit a past president to remain in the position even if a job change results in the person no longer working directly in financial aid at a post-secondary institution of higher education.

It was a pleasure serving as chair of this committee and working with individuals who are committed to ensuring VASFAA's excellence and success. The members of the committee were: Sharon Clough, TESST Technology Institute; Randy Craig, ECMC Group; Sherwin Hibbets, Regent University; and Lisa Tumer, James Madison University.

The bylaws are posted on VASFAA's Web site at www.vasfaa.org

roberts' REFLECTIONS

BY NANCY ROBERTS

My how time flies when you're having fun! And believe me, this has been a year full of fun memories for me. For the past 12 months, I have spent time with some of the finest people I know. Working with the VASFAA Board of Directors, committee chairs and the membership as a whole has been an experience I will carry with me for the rest of my life. VASFAA has had a very good year. Having the support of all of you has meant so much to me and if anything "good" has happened in VASFAA this past year, it is because of YOU! Our spring conference was a great success. All but the weather, that is. We prayed for sunshine and got plenty of it. However, we just forgot the warm air to go with it. Even though the wind was cool,



the warmth that radiated from our members kept us cozy. Thanks again for coming and making it a wonderful conference.

I have passed the gavel to Tim Freeman for the next year and wish

him the best of luck with his year as president of VASFAA. If you haven't completed your volunteer form yet, please take time to complete one and get it to Tim. He will need your support and help in order to have a successful year.

Thanks again for the memories, and I hope all of you have a wonderful summer!

Nancy Roberts, past president, is director of financial aid at Virginia Intermont College.

VASFAA BOARD MEMBERS

PRESIDENT

Tim Freeman
Hampton Roads School of Technology
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PRESIDENT-ELECT

Barry Simmons
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PAST PRESIDENT

Nancy Roberts
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REPRESENTATIVE-AT-LARGE

Melissa Ellyson
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DON'T MISS THE NEW SUNDAY

At the fall VASFAA Conference, Sunday, Oct. 14, will be different from previous Sundays at the conference. The day will begin with a New Aid Administrator/Refresher Workshop.

An **exciting diversity event**, and the President's Reception will follow. Vendor exhibit set-up will be in the early afternoon, and the exhibit area will be open that afternoon. **Vendors should note that only table top displays will be allowed.**

FROM THE EDITOR

The **VASFAA VOICE** is published four times per year (fall, winter, spring and summer) online. If you are interested in writing an article, please contact Jessica Turner at 651.221.4068 or at jturner@ecmc.org Submit items for inclusion to Jessica Turner, ECMC Group, 101 East Fifth Street, Ste. 2000, St. Paul, MN 55101 or e-mail to

jturner@ecmc.org Please include your contact information on all submissions. The **VASFAA VOICE** staff cannot guarantee that everything submitted will be included and reserves the right to edit all materials.

Editor: Jessica Turner, ECMC Group

a word from the **PRESIDENT**



BY TIM FREEMAN

“Visions of a Brighter Future” is the VASFAA theme for the 2001-2002 year — an appropriate title for the new millennium! As VASFAA moves forward in the 21st century, we have many items on our agenda that, as accom-

plished, will serve to maintain and better our existing high standards for this quality association.

As we have become more technologically based and consumer focused, we have developed the following goals for this year:

1. Promote meaningful training activities and opportunities for professional growth of the VASFAA membership.
2. Continue to enhance working relationships with secondary schools (e.g., high school advisers, principals, etc.).
3. Increase participation from VASFAA members on committee assignments and special events.
4. Take an active role in promoting more comprehensive financial aid awareness programs for every region of the Commonwealth.
5. Pursue corporate sponsorship for future VASFAA events.

We solicit your help in accomplishing these tasks because we cannot be successful without the involvement of membership.

We also are planning a special session for the spring conference that will be titled, “VASFAA 101: An Insight to the Operations of Your Professional Association and Why It’s Important to be Involved.” The Board feels that this will provide the entire membership an opportunity to better understand the internal workings of the association, as well as provide an opportunity to brainstorm on where membership would like to see VASFAA position itself in the future.

In closing I, and the entire Board, thank you in advance for your support, and involvement, as we move forward in our “Visions of A Brighter Future!”

Tim Freeman, president, is financial aid coordinator at Hampton Roads School of Technology.

Help is on the way with online training

BY MICHAEL AMALOO

As financial aid professionals, we all are aware of the non-stop, high-paced environment we are challenged to work in each day. Whether we are involved in campus-wide meetings, providing one-on-one consultation to students and parents, or preparing reports to administer our various programs, time is precious and valuable. No sooner do we complete one task than we are immediately pulled into another. Keeping up with the hectic pace is one of our greatest challenges.

If you find yourself in this position, then you will be relieved to know that help is on the way. Texas Guaranteed (TG), in partnership with the National Association of Student Financial Aid Administrators (NASFAA) and the University of North Carolina at Wilmington (UNCW), will soon debut the nation’s first online training for student financial aid administrators.

Titled learnstudentaid.org this online learning community will be available on any computer with browser software connected to the Internet. Courses will be offered in the context of the professional camaraderie and mentoring that is characteristic of the financial aid profession.

In the 40-year history of student financial aid, student aid administration has become a complex and distinguished profession, where knowledge, acumen, and insight are the tools of success. Financial aid administrators manage the delivery of more than \$64 billion annually to American college students.

Learnstudentaid.org was the winner of a highly competitive Learning Anytime Anywhere Partnerships (LAAP) grant from the U.S. Department of Education in 1999. The LAAP grant promotes partnerships that will develop state-of-the-art distance education programs. All LAAP projects must develop education that is unlimited by time or distance.

“Learnstudentaid.org will draw its strength from its participants,” said Milton G. Wright, TG president and CEO. “It provides an excellent opportunity for our industry partners to collaborate on a worthwhile project, benefiting all in the student financial aid community.”

Initial testing for learnstudentaid.org has begun, and additional information can be found at www.learnstudentaid.org

Michael Amaloo is a national account representative, Strategic Partnerships, with Texas Guaranteed (TG).

Awards given at spring conference

BY ZITA BARREE

The Retirement Recognition Award was given to Robert MacDonald, formerly with Mary Washington College, and Mary Lu Parks, formerly with Eastern Virginia Medical School.

The New Professional of the Year Award was given to Patricia Kelly, the College of William and Mary. Kelly has been an active member of VASFAA since 1997 and has served on the Support Staff Training and Awareness committees. On receiving this award, Kelly said it was a huge surprise. "There are so many spirited aid professionals in VASFAA. I've just tried to follow their leadership," Kelly said. "The New Professional of the Year Award is a great honor for me. The plaque hangs on my office wall, and every time I look at it, it makes my day."

CALENDAR OF EVENTS

MARK YOUR CALENDAR FOR THESE IMPORTANT EVENTS

2001

OCTOBER

14-17

Sheraton Richmond West
Richmond, Va.

APRIL

21-24

VASFAA Spring Conference
Waterside Marriott
Norfolk, Va.

2002

JANUARY

24-25

VASFAA Winter Board Meeting
Location TBA

JUNE

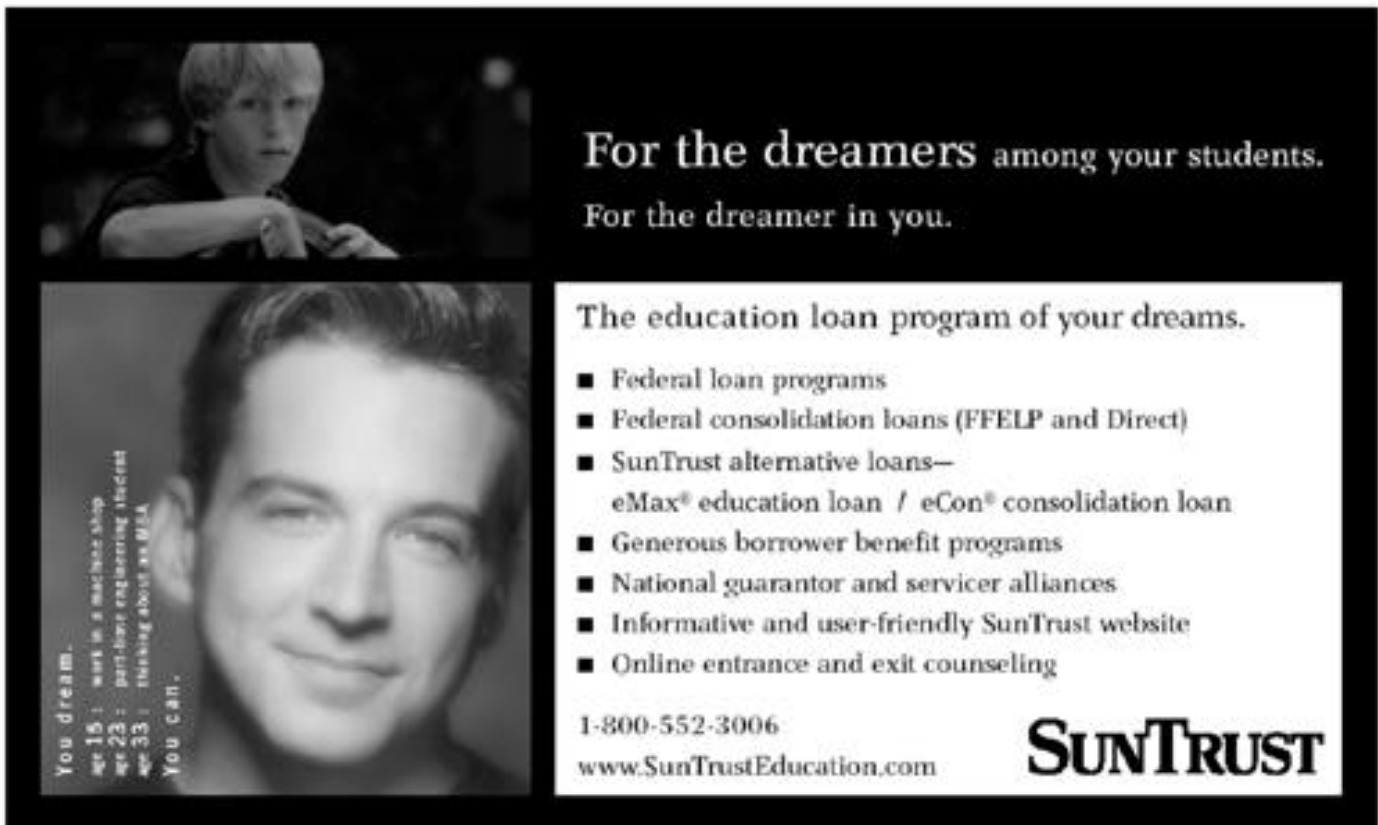
6-9

SASFAA Transitional Board Meeting
Don Cesar
St. Petersburg, Va.

FEBRUARY

17-20

SASFAA Conference
Gault House
Louisville, Ky.



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POINTSTOPONDER

Why is it so difficult for borrowers to know what they owe?

BY KATHLEEN GIBBONS

Picture a 1000-piece jigsaw puzzle of the solar system. When completed, it's a beautiful picture of a starry night sky that evokes mystery and promise. Incomplete, it's a seemingly-endless pile of similar-looking black and white pieces, presenting a daunting and often frustrating challenge to assemble.

Those who have been on the borrowing end of education loans can probably relate to this image. Borrowing a loan to finance the dream of higher education should be straightforward.

Unfortunately with all the bits and pieces of detail that borrowers receive about their loans, it's easy for them to be puzzled about how much they owe. As a previous student loan borrower, current parent loan borrower, and also as someone who has worked in financial aid for several years, I have both personal and professional experience with student loan borrowing. If I feel confused about my educational debt, I think it's reasonable to assume inexperienced borrowers do, too.

A big part of the problem is the overwhelming amount of paper borrowers receive. For example, in the past academic year alone, my family has received more than 50 pieces of loan-related mail, which is an average of five mailings per month over a 10-month period. If you take out my monthly PLUS loan billing, that still leaves about 40 nonbilling related loan mailings, including: Promissory Notes, Notices of Loan Disbursement, Quarterly Interest Statements, Account Statements,

Interest Rebate Notices, etc. And that's just from the U.S. Department of Education. The school that my daughters attend (fortunately, they attend the same state university) also sends loan-related material. Just reading through this information is time consuming, let alone processing it mentally and figuring out what action, if any, must be taken.

Despite the vast amount of loan detail my family has received, if you asked my daughters (a sophomore and a senior) what the total amount of their borrowing is today, I'm certain they wouldn't have a clue. And while I may have an educated hunch, without sitting down, sifting through, and adding up several pieces of the puzzle, I'm not really sure either. (I do have a pretty good idea of my total PLUS loan borrowing, but I attribute that to having recently gone through loan consolidation.)

This obliviousness on the part of borrowers is no surprise to researchers or to financial aid practitioners. Recent studies have pointed out that most students don't fully comprehend how much they've borrowed, especially related to interest accrual. For example, the State Public Interest Research Group (PIRG) Higher Education Policy found that nearly 80 percent of students recently surveyed underestimated the total cost of their student loans. And in a series of debt management focus groups conducted nationwide, USA Funds found a prevailing trend of "information disconnect" between students' understanding and the reality of their total debt.

POINTS continued on page 9 ►

GRAPEVINE NEWS

MOVES

Sherrye Ward has joined SunTrust Education Loans as the national manager for their education lending efforts. Ward can be reached in Richmond, Va., at 804.319.1339 or sherrye.ward@suntrust.com

Debbie Turner now is the associate director for technology in the Office of Financial Aid and Scholarships at James Madison University.

Sarah Perry, Texas Guaranteed, will replace Michael Amaloo (who was promoted) as the national marketing representative in Virginia.

Marie Bennett, is the Eastern region director of student finance for the new DeVry Institute in Virginia. Temporary address and phone are: DeVry – Crystal City, 2361 Jefferson Hwy., Century II Suite 1100, Arlington, VA 22202, 866.338.7932.

PERSONAL

Cindy (Bolger) Deffenbaugh, James Madison University, married Scott Deffenbaugh June 16, 2001.

Terri Abraham, assistant director of financial aid at Virginia Wesleyan, and husband Craig, announce the birth of their son, Ryan Samuel Abraham who was born March 13, 2001.

Statistics indicate a growing comfort level among students using credit cards

BY MARIE O'MALLEY

The prevalent use of credit cards by a growing number of college students has generated concern about the impact of easy credit card availability and subsequent indebtedness accumulated by students. Those who are directly responsible for managing student loan default prevention among this population are particularly concerned. After all, students who owe substantial amounts of money on credit cards and education loans may not be able to make payments on both after graduation.

Less stringent underwriting criteria at major credit card companies, coupled with the direct push to students on many campuses to apply for credit cards, has led to easier access to credit cards for students who may have arrived on campus with no credit history. A recent analysis of credit card debt from students who applied for credit-based loans with Nellie Mae in calendar year 2000 showed that 78 percent of undergraduate students (age 18-25) have at least one credit card. This is up from the 67 percent of undergraduates included in a similar study by Nellie Mae in 1998. In the past, these same students would not have been given credit cards, especially without a co-signer.

Using small increments of available credit responsibly is a great way to learn about the pros and cons associated with borrowing and to establish a positive credit history. Unfortunately, without being educated on the possible pitfalls

associated with amassing too much debt, some of these students may be learning lessons the hard way. The undergraduates in the 2000 Nellie Mae analysis carried an average credit card balance of \$2,748, which is up from an average of \$1,879 in 1998. A student using a card with an 18 percent APR and who makes only a minimum monthly payment of \$75 will take more than 15 years to pay off that

\$2,748 credit card. The student will pay as much interest on the loan as he/she originally borrowed. And this assumes the student doesn't make additional charges. Some students unwittingly accumulate credit card debt and are not aware of the actual finance charges they will pay over time.

Graduate students have even higher debt levels than undergraduates though graduate stu-

dent credit card debt and usage levels remain similar to 1998 levels. In both studies, 95 percent of Nellie Mae graduate student loan applicants had at least one credit card. The average credit card balance was \$4,776 in 2000, which is down from \$4,925 in 1998.

The above statistics indicate a growing comfort level with credit card borrowing. Being comfortable doesn't necessarily indicate knowledge about the ramifications of borrowing in general; nor does it show that the student has evaluated the benefits and costs of borrowing with a credit card versus other types of financing. For example, it may be easier for a student to use a credit card to pay for some expenses associated with a college education, such as books and transportation — even tuition in some

cases — but a federally-guaranteed student loan is a much more cost-effective choice. However, it takes planning to obtain a student loan. The student must file the appropriate forms and work through the financial aid and bursar's offices, as well as work with the lender, to process the loan. Although school offices and loan processes are becoming more streamlined, a credit card is simply more convenient. Students may base their borrowing choice on that rationale rather than long-term cost.

Although many students do their homework — they understand and manage the responsibilities of borrowing, they don't borrow more than they need, and they borrow as cost-effectively as possible — there is some apprehension that a certain percentage of the credit card-using student population is setting itself up for financial failure even before graduation. Without assistance, these students may not have the know-how to borrow wisely on the front end, and they won't have the income to honor their credit obligations after they've borrowed.

It would be ideal if credit card companies agreed to take a more conservative approach to lending to students to prevent them from getting too deeply into credit card debt while in school. They could put low borrowing caps on accounts when students are enrolled; they could institute stricter re-issue rules; they could agree to put a cap on the number of cards that can be issued to students.

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The undergraduates in the 2000 Nellie Mae analysis carried an average credit card balance of \$2,748, which is up from \$1,879 in 1998.

USA Funds to sponsor \$3 million scholarship program

BY MARVIN RAGLAND

USA Funds will triple funding for its scholarship program beginning with the 2002-03 academic year. The USA Funds Scholarship Program will award up to \$3 million in new, need-based scholarships to help narrow the gap between college participation rates of low-income and higher-income students.

The 2002-03 program will assist students whose families report annual adjusted gross incomes of \$35,000 or less by offering scholarships of \$1,500 to full-time students and \$750 to part-time students. Each of these scholarships will be renewable for up to an additional three years.

"Access Denied," a report from the Advisory Committee on Student Financial Assistance, discloses that, while access to higher education has improved for students at all income levels since 1970, the gap in college participation rates between low-income students (those families with incomes of less than \$25,000) and higher-income students (whose families earn more than \$75,000 annually) remains roughly the same as it was 30 years ago. The committee is an independent group of student aid policy advisers to Congress and the U.S. Secretary of Education.

The USA Funds Scholarship Program will award up to half of its 2002-03 scholarships to applicants who, in addition to demonstrating financial need, are members of ethnic minority groups or are physically disabled. "Access Denied" points out that, during the next 15 years, nonwhite young people will account for 80 percent of the growth in the traditional college-age population.

USA Funds' Web site www.usafunds.org will offer information about applying for the scholarships in fall 2001. For more information, contact your USA Funds Services representative, Marvin Ragland, at 804.534.9190; toll free at 800.428.9250, ext. 1689; or by e-mail at mragland@usafunds.org

Marvin Ragland is regional director at USA Funds Services.

ECMC Group participates in National Default Prevention Day

BY MIKE HAWKES

Due to the success of ECMC Group's default prevention efforts, ECMC Group was invited to participate in the U.S. Department of Education's National Default Prevention Day. ECMC Group represented regional guarantors at the session held in Washington, D.C. on Aug. 2.

Doug Hendrickson, assistant vice president, Default Prevention Services, represented ECMC Group at this event.

ECMC Group conducts study to identify disabled students' needs

BY MIKE HAWKES

With the passage of the Americans With Disabilities Act (ADA) and advances in technology, more disabled students are able to pursue a post-secondary education. In order to assist schools with better serving their disabled students, ECMC Group is conducting a study to identify the specific needs of disabled students.

The ultimate goal of the study is to develop a financial aid office plan that schools can use as a model for structuring their offices. The study will have two parts:

- 1) Collecting and analyzing data about the current services provided to disabled students by financial aid offices participating in the study; and
- 2) Collaborating with the State Department of the Visually Handicapped and the Department of Vocational Rehabilitation to analyze this data and gain their input.

Once the study is complete, a written report will be issued to all interested post-secondary schools in Virginia.

This study is not meant to be a tool ECMC Group uses to evaluate ADA compliance or performance of Virginia schools. Instead, this study will give schools a tool to self-evaluate their ability to serve disabled students, as well as provide a description of the model environment for providing services to these students.

Anyone with questions regarding this study should contact Randy Craig at 888.775.3262, ext. 7124, or rcraig@ecmc.org

Mike Hawkes, treasurer, is director, policy and communications at ECMC Group.

CONFERENCE PHOTOS



Clockwise from top left: Anita Aymer, Tidewater Scholarship Foundation, gives her nomination speech for representative-at-large. Zita Barree, J. Sargeant Reynolds Community College, and Nancy Roberts, Virginia Intermont College, present the VASFAA Retirement Award to Robert MacDonald, formerly with Mary Washington College. Linda Mashack, ECMC Group, and Sheila Nelson-Hensley, Ferrum College, enjoy the music at the dance following the Caribbean Delight Banquet.



MEET THE VASFAA BOARD



Pictured above is the VASFAA Board. Front, from left: Biz Daniels, secretary; Melissa Ellyson, organizational services representative-at-large; Anita Aymer, information systems representative-at-large; Brad Barnett, member services representative-at-large; Liza Bruce, professional development representative-at-large; and Nancy Roberts, past president. Middle, from left: Mike Hawkes, treasurer; Tim Freeman, president; Barry Simmons, president-elect; Lee Andes, SCHEV liaison; and Marcia Boyd, outreach activities representative-at-large. In the back is Tom Morehouse, special appointee. Missing from the picture is Eric Owens, lender liaison.

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One logical solution to this disconnect, it might seem, would be to provide more information. However, instead of more, what borrowers need is better information that provides, on a regular basis, the current total amount of their education debt.

No wonder many students (and parents) are clueless about what they've borrowed. Instead of receiving a regular statement giving total loan amounts, they receive several similar-looking pieces of total-like disbursement notices, each showing one-half of one loan minus fees. It gets even more cumbersome when, in the same academic year, a student borrower has both a subsidized and an unsubsidized Stafford Loan; or a parent borrower has PLUS loans for more than one child. They can receive multiple disbursement notices. And if a borrower increases a loan amount after the original loan is

made, they receive another notice. Adding the bits of disclosure notices to get a total borrowing amount for that one year can feel like rocket science!

With all the technology tools available today, it would seem that providing the big picture about a borrower's total indebtedness should be fairly easy to do; but it isn't. Part of the problem, we know, is that students can have multiple loans from both federal and nonfederal sources. Databases like the National Student Loan Data System (NSLDS) and National Student Clearinghouse have helped centralize federal loan data, but that's only part of the picture.

Another downside to the current data systems is the timing and method of informing borrowers about their education loan debt. For example, data stored by the NSLDS is reported directly to students only once a year, buried on the back of their Student Aid Report. Students can access their loan

information online more frequently, but they need to initiate the information request and provide a PIN.

The information gap is most acute for student borrowers during their in-school years, before they enter repayment. Ironically, this is the time when students receive the least information about their cumulative debt (although they receive plenty of disclosure "bits"), and they're simultaneously making decisions about how much additional loan funds to borrow. How can we expect students to make good decisions about future borrowing if they're not adequately informed about their current level of debt? Since parent (PLUS) borrowers enter repayment sooner than students, they receive billing statements sooner that list total debt levels for individual loans; but unless loans are consolidated, the debt picture for parents also is piecemeal.

What's needed is a more systematic approach to delivering total education loan information directly to borrowers on a regular basis, without their having to initiate the request.

This may seem like bending over backwards for the borrower, but it's really not. If you think about other forms of consumer debt like credit cards, mortgages or even home utilities, a consolidated, monthly statement of total spending activity is not so far-fetched. If consumers had to go online each month to retrieve this information, it's pretty likely more than a few of us would fall behind on our bills and miss the mark on how much we owe.

Until our industry can figure out how to provide a consolidated statement of education borrowing, no small task, students and parents will have to continue piecing together the puzzle of their total loan debt.

Kathleen Gibbons is an editor for Nellie Mae. She previously worked as a financial aid officer at Harvard Medical School and as writer/editor for NASFAA.

MEET THE VASFAA COMMITTEE CHAIRS



Pictured above are some of the VASFAA committee chairs. In front is Martin Miles, Budget and Finance. Middle, from left: Joe Barden, Budget and Finance; Karen Gilliam, Loans Issues Advisory; Pat Kelly, Support Staff Training; Michael Poma, Training; Zita Barree, Experienced Aid Officer Training; and Linda Woodley, Public Relations. Back, from left: Sheila Nelson-Hensley, Secondary School Relations; Jim Settles, Vendor/Sponsor; Nanette White, Vendor/Sponsor; and Michael Barree, Federal Relations. Missing from the picture are: Sharon Clough, Strategic Planning; Holly Rison, Archives; Denise Oliver, Photography; Erik Melis, Electronic Services; Jessica Turner, Newsletter; Randy Craig, Awareness; Jolene Burke, Diversity; Linda Mashack, Membership; Leslie Thomas, Membership; John Beard, Conference; Jeanne Holmes, Training; and Gerene Carter, Diversity.

STATISTICS continued from page 6

But, more practically, students need to learn how to manage their finances. Credit cards and other borrowing options will continue to be available to them while they are in school and after they graduate.

Colleges and lenders work together today to provide student debt counseling at the beginning and end of the enrollment/borrowing cycle. One solution could be to have colleges and lenders work together to provide financial management education throughout the student's college career. A curriculum could be developed that teaches several aspects of sound fiscal management and where lessons are reiterated at key points during the total enrollment period. Of course, teaching by example is always effective; therefore planners should strive to keep costs minimal for implementing such a program. Interactive tools already are available on a number of finance-related Web sites, and e-mail allows for efficient, cost-effective communication between schools and students.

Credit card use and borrowing money have become common practices in American society and aren't going to cease. To prevent debt levels from becoming burdensome for students, which could result in student loan defaults as well as general poor financial health for a segment of the population, colleges and lenders, as well as credit card issuers, need to teach students to limit credit card usage and to borrow wisely.

Marie O'Malley is director of marketing for Nellie Mae.

Join your friends and colleagues in Richmond for the
2001-02 fall VASFAA conference!

Oct. 14-17, 2001

Sheraton Richmond West
6624 West Broad Street

Watch your e-mail
and check the
VASFAA Web site for
more details.

