Volume 30 Issues 1 Nov/Jan

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History Mystery & Legacy

30th Annual Fall Conference

November 7-9, 1999, DE-DC-MD ASFAA celebrated 30 years of existence at the Sheraton in Ocean City. The conference started on Sunday with remarks from Chair, Lynn Lee then keynote speaker, Al McCree. After his presentation several aid administrators gave serious thought to whether they should switch careers or do something different with their lives. One person said that after hearing the speaker she decided to retire nest year. He definitely provided us with food for thought. The Chairperson ' s reception that followed the opening session provided light appetizers for members. Later that evening several conference attendees bowled the night away. This activity seems to be a big hit with the members.

Monday morning Greg Martin started the day with an overview of recent legislation. Much discussion centered on the implementation of 668.40 Suspension of Eligibility for Drug-Related Offenses. Schools are concerned about liability. The annual Lunch and Business Meeting followed concurrent sessions. David Manning brought the meeting to order for Lynn Lee who had to leave the conference early. Each year members of the Association are recognize for service to the profession. This year ' s recipients were Cissy Van Sickle, UMB

and Kathy Wallace, UM. They received the Service and the Marilyn Brown Awards respectively. A scholarship in the amount of $250 will be forwarded to the University of Maryland in the name of Kathy Wallace.

Committee chair Jacqui Daughtry-Miller was in an accident on her way to the conference and was unable to present the actual plaques. Arrangements will be made to present both honorees at a later date.

State meetings were held after lunch followed by the State Follies. Maryland did a parody of Hollywood Squares, Delaware parodied the new game show So You Want to be a Millionaire. The District of Columbia was most original with their realistic and humorous portrayal of a student coming into the financial aid office to resolve a comment on the FAFSA regarding their conviction of possession or sale of a controlled substance.

After the follies new members were invited to a reception hosted by the Executive Board and Membership Chair, Jennifer Bates.

The day ended with dinner and entertainment from a theatre ensemble. The audience witnessed a murder and was asked to help find the killer. A buffet dinner was served. After the mystery was solved, members danced the night away.

Tuesday, the last day of the conference started with a buffet breakfast. After several concurrent sessions our final lunch was served. Attendance at the lunch was greater than usual. Our special guest speaker, Dr. Lonise Bias was the reason. After an uplifting message from Dr. Bias members braced themselves for the "must be present to win" drawing for door prizes.

At the end we said our farewells and headed to our respective homes.

Barbara Miller and her committee worked hard to bring us a great conference. A special thank you is extended to the Conference Committee and our vendors who helped to make our 30th Anniversary Conference a success.

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Keynote Speaker 11/9/99

Dr. Lonise Bias

Moderator Derrick Williams of CHASE Manhattan Bank introduced the speaker of the hour. He warned the crowd that they would be inspired by the message forthcoming. Many were curious to see and hear from the mother of the late Len Bias. Dr. Bias started by sharing with us four points that she always shares with whomever she is speaking too.

1. She loves us all unconditionally. Love and Commitment.

2. Things and times change.

3. She comes to offend no man. Her faith in her God has seen her through.

4. She cares absolutely nothing about what people think.

The theme of her message was that we are all CHAMPIONS. What we do does make a difference. We in the financial aid community should continue do what we do and do it well. The positive impact that we have on young lives far outweighs the frustration that we feel from time to time. Her message was uplifting and motivational. The audience was silent throughout the entire presentation. It was definitely a great way to end a great conference. Hats off to the Conference Committee for stepping out of the box and agreeing to invite Dr. Bias. Major Kudos to Derrick Williams for bringing such a dynamic person to us.

Consistent

Habitual

Addicted (Passion is born.)

Motivated

Persistent

Irresistible

Offensive Minded

Notable

Stable

Are you a CHAMPION?

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Return of Title IV Funds presented by Greg Martin

- Each school is required to have a refund policy and publish it.
- November 1st Final Regs. Effective date July 1, 2000. Last day to implement October 7, 2000. Note: Schools who choose to implement the "New" policy now must inform students that you are doing so.
- Schools have 30 days after the end of a semester to determine the drop/withdrawal date for a student.
- If your state determines that any LEAP funds are in a grant, the entire grant must be treated as Title IV aid.
- The "New" formula calculates aid received or aid the student could have received including FFEL(loans). Include only certified loans.
- Military duty, Jury duty, and Family Medical Leave are the only three reasons for continual Leave of Absence.

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Master Promissory Note presented by David Manning

This session was more of an exchange of information session. Dave started out by stating that he would be more of a facilitator than a presentor. A comprehensive handout was distributed. A few of the highlights are as follows:

MPN is just for Stafford right now.

A PLUS MPN is in the wrks.

- **Schools can certify for maximum loan eligibility even if the student asks for less than the max.**
- **The school must monitor students to make sure that subsequent requests for loan increases do not lead to an over award for the student.**

Maryland State Report

Karen Price from the Maryland Higher Education Commission handed out an update on the MSSA Financial Aid Programs. Some highlights were:

- **The Science & Technology and Maryland Teachers Scholarships are all considered HOPE Scholarships.**
- **There will no longer be a 2.0 GPA requirement for continuation of the EA and GA grants. The schools will determine SAP.**
- **There will be a MSSA Workshop November 16th at Prince Georges Community College.**

David Manning of USA Group shared that the EAGLE II mainframe system is working and that the state ' s default rate is down overall & less than the national average.

Jerry Lovick from the Community Colleges of Baltimore County Catonsville Campus was unable to attend. He was busy in Baltimore representing the Association at the National College Fair. In his absence Sandy Brown

encouraged members to participate in the You Can Afford College annual activity scheduled for January 8th at 11am and 1pm. A sign up sheet was available.

Janet Walker made a pitch for both the Day in Annapolis and the Helping Hands Directory.

The meeting ended with a drawing for a door prize.

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Member Updates

- Richelle Emerick is retiring from Hood College in Frederick. Best wishes and much happiness in your retirement.
- Linda Weippert formerly of American University, Maryland Higher Education Commission, and Computer Technology Services in Rockville is the new Director at Hood College.
- James Marks formerly of Morgan , CCB, and Howard is the new Director of Financial Aid at Capital College.
- Patricia Scott former Assistant Director of Financial Aid at the University of Maryland Baltimore is back in town from Illinois. Her husband David Scott is the new Deputy Mayor of Operations for Baltimore City.
- Deborah Stanley formerly of Bowie, and NCS is leaving her position as Assistant Director of Financial Aid at Goucher College to pursue a technical career at Datatel, Inc.
- Sharon Hassan former Assistant Director of Financial Aid at the University of Maryland College Park, is the new Director of Financial Aid at Goucher College.
- Kate Kramer, a financial aid counselor at the University of Maryland is expecting twins in the Spring. Best wishes to Kate and "honeydo" Joseph.

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Most student loan borrowers are managing their college debt

Report shows graduate student debts have more than doubled since 1995

A recent analysis by USA Group® reveals that students who left graduate school this year owe an average of $24,479 — more than twice as much in federal education loans as their counterparts who left school in 1995 with an average debt load of $11,359. Undergraduate students left four-year colleges this year

owing an average of $10,173, nearly 19 percent more than undergraduate borrowers who left school in 1995 with average student loan debt of $8,551.

According to the USA Group analysis, community college students owe, on average, $4,728, a 33 percent increase from the average community college debt burden of $3,565 in 1995. Between 1995 and 1999, average Stafford loan indebtedness for students attending proprietary schools has grown nearly 70 percent to $8,541 in 1999 from $5,037 in 1995.

Each year since 1995, USA Group has analyzed the federal education loan accounts that it services to determine the average cumulative Federal Stafford loan indebtedness of students who left school during the first half of the year. Supplying more than $20 billion in student aid each year, Stafford loans issued under the Federal Family Education Loan Program (FFELP) are the largest component of federal financial aid. USA Group's 1999 student debt burden report covers the accounts of nearly 80,000 borrowers.

According to Patricia M. Scherschel, director of Policy Research and Consumer Issues for USA Group, several factors have fueled the increase in borrowing for college. Rising college costs, the failure of grant aid to keep pace with college funding needs, and legislation that expanded access to college loans have contributed to the increase in student loan indebtedness. Scherschel also added that graduate student debt has risen more rapidly than undergraduate indebtedness, in part because graduate students can borrow much more under the federal rules that govern the student loan program.

Despite the growth in college debt levels during the past five years, the percentage of student loan borrowers who are behind in their loan payments has declined. The USA Group analysis determined that, as of June 30, 1999, approximately 12 percent of student loan borrowers had loan payments that were 30 days or more past due. In 1995, the student loan delinquency rate ran as high as 16 to 17 percent.

Scherschel noted that higher starting salaries and plentiful job opportunities for recent graduates should help student loan borrowers handle these heavier college debt loads. In addition, legislative changes, which have reduced student loan interest rates and restored the deductibility of education loan interest, have helped to reduce the cost of borrowing for college.

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Education loan industry moves to Internet e-mail

USA Group offers instructions to help financial aid offices make the switch

The National Council of Higher Education Loan Programs' CommonLine[SM1] Committee recently issued a statement encouraging schools to move their education loan transmissions from CompuServe WinTmail to Internet e-mail. This industry committee reviewed the issues surrounding year 2000, investigated Internet options, and reviewed feedback from schools. The CommonLine Committee strongly recommended that all service and software providers migrate to the new Simple Mail Transfer Protocol through Post Office Protocol 3 (SMTP/POP3) standard by December 31, 1999. Schools that do not convert to this new standard run the risk that service providers will not be able to accept files submitted through the old WinTmail system.

USA Group® offers two options for schools that want to switch to Internet e-mail. The most recent version of WhizKid™ was built to submit and receive e-mail

transmissions. USA Group provides another option for schools that use a financial aid management system (FAMS) and want to switch to Internet e-mail. USA Group offers a communications software—Connect USA™—that provides a link among the school, USA Group, and the CommonLine network.

Financial aid administrators interested in switching to Internet e-mail can visit USA Group ' s Web site for instructions.

- Visit the Web address listed below:

http://www.usagroup.com/apps/filetrans.asp

- Select the text for "public file transfer service." You will need to fill out a quick registration form to enter this site. If you are already registered, simply enter your ID and password.

- After you have logged in, select "CommonLine Checklists."

- You will have two options. You may select information for WhizKid or non-WhizKid users. Both of these options offer you step-by-step directions to move your education loan transmissions to Internet e-mail.

For more details on setting up Internet e-mail, call USA Group ' s electronic services department at 800-348-4606 or send an e-mail to *elecserv@usagroup.com*

[1]CommonLine is a service mark of the National Council of Higher Education Loan Programs, Inc. (NCHELP).

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Tax Time—What to tell families about deducting the interest on education loans

For the first time in nearly a decade, education loan borrowers may qualify for a tax break. Taxpayers who repaid qualified education loans in tax year 1998 may be able to deduct all or some of the interest that they paid, up to a maximum of $1,000, on their 1998 federal tax returns. Under the Taxpayer Relief Act of 1997, borrowers may deduct only interest that was paid during the tax year, provided the payments were due and made during the first 60 months of repayment. Over the next three years, the maximum deduction will increase $500 a year, reaching a maximum of $2,500 in tax year 2001. As with most tax breaks, this one has a few strings, and determining whether and how much to deduct can be complicated. USA Group® has prepared the following Q&A to provide basic information on how this tax deduction works. To determine whether families can benefit from the deduction, borrowers should consult a qualified tax adviser or account or contact the Internal Revenue Service directly.

Who can deduct interest on student loans?

The Taxpayer Relief Act of 1997 spells out a number of terms and conditions governing taxpayer eligibility, among them:

- The borrower must have taken out the loan to pay for his or her own expenses or the expenses of a spouse or dependent.
- In general, the proceeds of the loan must have been used for qualified higher education expenses.
- The student who is the beneficiary of the loan must be enrolled at least half-time in a degree program at an eligible institution.
- Students cannot claim the deduction if they are claimed as dependents on their parents' tax returns.

Taxpayers must also meet an income test. The government applies different income limits, depending on the borrower's marital status. The income limits are based on a modified version of the borrower's adjusted gross income (AGI). The instructions that accompany the 1040 and 1040A forms for tax year 1998 include a worksheet to help borrowers calculate their modified adjusted gross income.

What are "qualified" education expenses?

These generally include tuition, fees, room and board, books, supplies and other related expenses. The expenses must have been incurred for enrollment in a

degree, certificate or similar program at an eligible institution. According to the IRS, "eligible institution" applies to most colleges and universities (including graduate schools) and certain vocational schools. A taxpayer must reduce the amount of qualified education expenses funded by an education loan by the amount of the following nontaxable benefits: employer-provided educational assistance benefits that are not included in Box 1 of the taxpayer's W-2 form, excludable interest income from U.S. series EE savings bonds, qualified distributions from Education IRA accounts, and any scholarship, educational assistance allowances, or other payment (excluding gifts and inheritances) that are excluded from income. More detailed information on eligible higher education expenses can be found in IRS Publication 970, *Tax Benefits for Higher Education*.

How do borrowers claim a deduction for student loan interest paid in 1998?

Borrowers can claim the deduction when they file their federal tax return for tax year 1998. They must use Form 1040 or 1040A. They cannot claim the student loan interest deduction by filing the 1040EZ form. The 1040 and 1040A have special lines for claiming the deduction. They do not have to itemize their deductions in order to claim the tax break for student loan interest. However, if they are married, they must file a joint return. Married borrowers cannot claim the deduction if they and their spouses file separate returns.

How will borrowers know how much interest they paid during 1998?

Lenders and loan servicers are generally required to report to both borrowers and the Internal Revenue Service if borrowers paid at least $600 in interest during 1998, provided their interest payments were made during the covered period as defined by the IRS. In general, the covered period begins on the date the loan went into repayment status and ends 60 months later, except that the covered period is extended by deferment and forbearance months. To assist their loan customers, a number of lenders and loan servicers plan to send 1098-E forms to borrowers who paid less than $600 during the taxable year. USA Group Loan Services, for example, will send 1098-E forms to any borrower who

was in the first 60 months of repayment in 1998 and paid at least $50 in interest. Lenders and loan servicers are not required to report to the IRS interest amounts that are less than $600. Lenders and loan servicers are generally expected to mail the 1998 1098-E form in the mail during the latter half of January but no later than February 1.

For more information. . .

The IRS offers several resources, all of which can be viewed or downloaded from the IRS Web site. Two helpful publications are: Publication 970, *Tax Benefits for Higher Education*, and an IRS-prepared Q&A titled, *Notice 97-60, Student Loan Interest Deduction*. In addition, the instruction booklets that accompany the 1040 and 1040A forms for tax year 1998 provide helpful information as well as the income test worksheet. You can also call the IRS to ask questions or request forms and publications. The toll-free telephone number for tax questions is 800-929-1040. The toll-free telephone number for requesting forms is 800-829-3676. Copies of tax forms are readily available from a variety of sources, including the local post office, federal government offices and libraries. In addition, these forms may be reviewed on the IRS Web site (*www.irs.ustreas.gov*).

Borrowers whose loans are serviced by USA Group Loan Services may call 800-883-4551 for information about their payment status and history. USA Group also provides a more detailed student loan interest deduction Q&A on its Web site (*www.usagroup.com*). Click on *USA Group Borrowers*, then select "Deducting education loan interest."

USA Group does not and cannot advise individual borrowers as to whether and how much in student loan interest they can deduct. To determine whether they can benefit from the deduction, borrowers should consult a qualified tax adviser or account or contact the Internal Revenue Service directly.

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Slow Dance

"In this hectic world of Student Financial Aid, particularly during our busiest processing periods, we sometimes lose sight of what is important in life. The origin of the following piece was not available to me but it seemed to be an appropriate means for personal reflection as we rush to accomplish the next task or meet the latest deadline."

Slow Dance
Have you ever watched kids
on a merry-go-round
Or listened to the rain
slapping on the ground?
Ever followed a butterfly's
erratic flight
Or gazed at the sun
into the fading night?
You better slow down
Don't dance so fast
Time is short
The music won't last
Do you run through each day
on the fly
When you ask "How are you?"
do you hear the reply?
When the day is done,
do you lie in your bed
With the next hundred chores
running through your head?
You'd better slow down
Don't dance so fast

Time is short
The music won't last
Ever told your child,
We'll do it tomorrow
And in your haste,
not see his sorrow?
Ever lost touch,
Let a good friendship die
'Cause you never had time
to call and say "Hi"?
You'd better slow down
Don't dance so fast
Time is short
The music won't last
When you run so fast to get somewhere
You miss half the fun of getting there.
When you worry and hurry through your day,
It is like an unopened gift....
Thrown away...
Life is not a race.
Do take it slower
Hear the music
Before the song is over.