Happy October 1, 2004 to all of you! There should be something special about every day to be happy about, so I choose today because the Fis-Ap is finished and on its way to the Feds out there in "electronic land." It's really Friday, (doesn't just feel like it should be) and I returned a dead mum plant to the florist this morning.

Last week I attended the Committee on Education Funding Gala and Dinner event in Washington, D.C. CEF is celebrating 35 years of Advocacy for Federal Investment in Education. The Honorable Arlen Specter, The Honorable Jack Reed and The Honorable David R. Obey were given Distinguished Service Awards. COHEAO hosted a table and Alisa Abadinski, Bob Perrin, Bob Frick, Harrison Wadsworth, and I represented the Board of Directors. We were honored to have as table guests Robert Foust, Senior Policy Advisor for U.S. Senator Kent Conrad and Stephanie Mohl, Legislative Director for U.S. Senator Byron Dorgan. It was a great evening.

Alisa and I, accompanied by Harrison Wadsworth, met with many members of the House and Senate and the Department of Education regarding the funding for the Perkins Loan. We hope the information we shared with them will be helpful and that the loan program will prevail.

We will meet again.
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COHEAO News

It’s an Election Year for COHEAO Too

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

COHEAO to Hold E-OSCAR Teleconference on October 7

The COHEAO teleconference on E-OSCAR is on Thursday, October 7 at 2 p.m. eastern. Register now before it’s too late! To register for the teleconference, visit the COHEAO website at http://www.coheao.org/ or complete the registration form attached to this issue of The Torch and fax or mail it in.

The major national credit bureaus have announced that as of October 1, 2004 they will no longer accept updates of records on paper. Rather, they have initiated E-OSCAR as an electronic means of updating account records and resolving of disputes. The teleconference will discuss issues regarding the use and implementation of the E-OSCAR system.

COHEAO to Hold Teleconference on Perkins Lobbying in November

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

Letter to Support the Perkins Loan Program

The Senate Appropriations Committee’s decision to fund the Perkins Loan Federal Capital Contribution in the FY2005 Labor, Health and Human Services and Education appropriations bill is an important show of support for the Perkins Loan Program, but it does not mean that the fight is over. The recently passed Continuing Resolution only protects Perkins Loan funding through November 20. Therefore, we still need your letters to the House and Senate to show how important Federal Capital Contribution funding is. If the Labor-HHS appropriations bill goes to conference (not a given this year), Perkins Loan funding will be a point of dispute between the House and Senate bills. We need your letters to tell possible conferees why it is necessary to fund the Federal Capital Contribution.

A number of COHEAO members have written or called their congressmen and senators to support funding for the Perkins Loan Program. This is encouraging, and it is one reason the Senate supported the program, but more needs to be done, and done right away!
Please find attached an updated draft letter for you to send to all Representatives and Senators in your state asking that they support the Perkins Loan Program. Please take a look at this draft letter and customize it to fit your school or company, including placing the letter on your letterhead. It is important to point out that the Perkins Loan Program helps students in your campus and state. In the letter are suggested places to insert this information. At the end, please put down how you can be contacted.

Also attached, to make sure you can find them, are talking points on Perkins with the chart of the state-by-state allocation of Perkins Loans for this year. To obtain information on the Perkins Loan Program specific to a specific school, go to this address in the Department of Education's IFAP web site: http://www.ifap.ed.gov/cbpmaterials/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, contact Andrew Stringer at astringer@wpllc.net or 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 Meeting. 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, 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.

Interested in Improving the NSLDS? Join the COHEAO Working Group

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

Register Today for the 2005 COHEAO Annual Meeting

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

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

CONGRESS

Congress Passes Short Term CR

Having determined that they will recess on October 8th, the Congress this week focused on appropriations bills. As of today, only 1 of 13 appropriations measures – funding for the Defense Department -- has been signed by the President, but several others are moving closer to passage. Four more bills are expected to move next week and another three are in play. The remaining five — including funds for the Departments of Labor, Health and Human Services and Education — are mired in controversy.

In anticipation of their inability to finish all this work before the September 30 close of FY2005, a Continuing Resolution (H J Res 107) was debated and adopted by the House of Representatives on a vote of 389-32 on Wednesday afternoon. The Senate adopted the measure by voice vote later that evening, and President Bush signed it on Thursday. A Continuing Resolution in essence allows the agencies of the government to continuing spending into the new fiscal year at the same rate as the previous year. H J Res 107 expires on November 20, 2004. That date was chosen to allow time for a lame duck session of the Congress that is expected to begin on November 15th.

The five most troublesome appropriations measures, including Labor-HHS-Education, are unlikely to be debated on the Senate floor. Instead, they will be passed as part of an omnibus measure. Because the Senate appropriations bills call for spending far more than the budget cap for FY2005 would allow, the job of the Conference Committee for the omnibus bill will be very difficult. Failure to come to agreement will mean extending the life of the CR until well into the next Congress or perhaps passing a CR for the entire fiscal year.

A year long CR is not without it's own set of difficulties. A one-year CR would cost the government $840 billion, far above the $821 billion domestic spending ceiling conservative Members of Congress and the White House would like to enforce. In addition, a CR extends
funding only for authorized programs — eliminating the opportunity for Members to make good on promised earmarked funds for constituents. The final outcome of appropriations legislation won’t be known until mid-November.

**House Introduces One Year Extension of the Higher Education Act**

With the immediate pressure of a midnight September 30 expiration date removed as a result of passage on Thursday of an extension of the Higher Education Act through November 20, Rep. John Boehner (R-OH), chairman of the House Committee on Education and the Workforce, introduced a bill to extend the Higher Education Act for one year on September 30. The bill, H.R. 5185, would extend the act until September 30, 2005.

Congress is expected to renew work on reauthorization early in the 109th Congress, which convenes in January. Chairman Boehner has stated that he intends to use his current reauthorization bill, H.R. 4283, as the starting point for the 2005 reauthorization process. However, because the chairmanship of the Senate Committee on Health, Education, Labor and Pensions is expected change, it is unlikely the Senate will move quickly on the bill. Sen. Judd Gregg (R-NH) is expected to assume the chairmanship of the Senate Budget Committee, a move that would require him to step down from the HELP Committee Chair.

Action on H.R. 5185 is expected during the November lame duck session, now expected to occur the week of November 15.

**Senate Staff Report HEA Reauthorization Bill Unlikely this Session**

Tracy Locklin, counsel to the Senate Committee on Health, Education, Labor and Pensions, said at a legislative workshop last week that although Senator Judd Gregg (R-NH) has completed drafting a bill to reauthorize the Higher Education Act, the bill might not be introduced this year. The statement contrasts with statements Gregg and his staff repeated during the last six months that a bill would definitely be introduced this legislative session.

Gregg and Locklin have been tight-lipped over the content of the draft Gregg reauthorization bill. At the conference, Locklin only indicated that the bill had some major differences from the reauthorization bill introduced by Rep. John Boehner (R-OH), H.R. 4283, the College Access & Opportunity Act.

Should Gregg decide against introducing a bill this year, it may never be introduced. Gregg is expected by many to give up his chairmanship of the HELP Committee next year to assume the chair of the Senate Budget Committee. Many believe that Senator Enzi (R-WY) is the front-runner for the chair next Congress if Republicans keep the majority, but the issue is far from being settled.

**Congress to Address 9.5 % Student Loan Issue Next Week**

Congressional attention to the now widely known 9.5 percent student loan issue reached a crescendo this Thursday with the introduction of legislation on the subject by Representative John Boehner (R-OH) and Senator Judd Gregg (R-NH) and a flurry of press releases by Capitol Hill Democrats and Republicans. The action was prompted in part by an acknowledgement by
the Bush administration that the 9.5 issue was growing in political importance and a call for a legislative solution in the immediate future.

On September 30, following several days of discussions inside the administration, a decision was made to support the enactment of a one-year “fix” to the 9.5 percent provisions. A letter to Congress signed by Education Secretary Rod Paige and Office of Management and Budget (OMB) Director Joshua Bolten called for enactment of a bill “without delay.”

The Paige-Bolten letter implies that the “prior administration” (i.e., Clinton) was to blame for the “loophole” that permits lenders to receive extraordinary returns on student loans. The letter reads, in part: “The prior administration’s interpretation expressly permitted lenders to extend these payments indefinitely. That interpretation runs counter to the clear intent of Congress and the policy of the present Administration. The President proposed to correct this issue in his FY2005 Budget and direct the savings to benefit students and teachers.”

The administration letter led directly to the decision of the House and Senate education committees to introduce nearly identical bills to “fix” the 9.5 percent problem. House Education & the Workforce Committee Chairman John Boehner introduced the “Taxpayer-Teacher Protection Act,” H.R. 5186, which addresses the 9.5 percent issue for one year and directs the savings to be used for expanded student loan forgiveness for teachers and students. Senate Health, Education, Labor and Pensions Committee Chairman Judd Gregg introduced S. 2877.

House Democrats have been pushing an alternative approach to the 9.5 percent issue, calling for a permanent repeal of the provision and the use of the resulting savings to fund an increase in the maximum Pell Grant. Savings might fund an increase of about $100. Rep. Dale Kildee (D-MI) introduced the “Emergency Loan Abuse Prevention Act,” H.R. 5113, with 23 cosponsors, in the House and Sen. Patty Murray (D-WA) introduced a similar measure in the Senate.

Immediately preceding and following the introduction of the bills, a fierce exchange of press releases and statements occurred. Democrats took credit for forcing the administration and Hill Republicans to act on the issue. Republicans emphasized that President Bush had called for repeal of the provision in his FY2005 budget and Rep. Boehner included repeal in his pending bill to reauthorize the Higher Education Act, H.R. 4283.

Signs that a bill will be passed before Congress recesses for the November elections increased late on September 30 when Rep. George Miller (CA), the ranking Democrat on the House Committee on Education and the Workforce, issued a statement indicating that Democrats would support Boehner’s bill even though they preferred their own bill which directed savings at the Pell Grant program and addressed the 9.5 percent issue on a permanent basis.

Although the higher education community had been silent through much of the debate on 9.5 percent income, the introduction of competing versions of legislation addressing the issue has prompted them to engage in the debate in support of using savings for the Pell Grant program. The American Council on Education (ACE) and other organizations are expected to lobby in support of funding for the Pell Grant program, but it is widely expected that legislation based on the Boehner bill will be passed by next Friday.
Survey Finds Starting Salaries on the Rise

For the first time since 2001, college graduates entering the job market are finding increased salaries in their job offers. *Salary Survey*, issued quarterly by the National Association of Colleges and Employers (NACE), reports starting salary offers to new college graduates in 70 disciplines at the bachelor’s degree level.

Although starting salaries varied widely by major, the final report for the college Class of 2004 showed positive movement in the job market. Some of the largest increases in starting salaries were reported for business administration graduates (up 6.2 percent), information sciences and systems graduates (up 10.7 percent) and English majors (up 8.1 percent). However, starting salaries for some majors declined; starting salaries were down 4.8 percent for history majors and .1 percent for computer engineering graduates.


**NAICU President Warren Discusses Higher Education Finance**

On Wednesday, the National Association of Independent Colleges and Universities (NAICU) President David Warren responded to a story on the report, “Measuring Up 2004,” in a letter-to-the-editor of *USA Today*. The Warren letter says:


“By substantially increasing grant aid during the past 10 years, our institutions have been doing their part to keep high-quality college education affordable for students from all backgrounds, by reducing real out-of-pocket family expenses.

“Largely because of substantial increases in institutional grant aid, net tuition — list price minus grant aid — at private colleges dropped by $100, adjusted for inflation, from 1992 through 2000. At the same time, the proportion of students receiving institutional grants rose from 50% to 65%.

“The apparent contradiction between these findings and those of “Measuring Up” can be explained in part by looking at trends in government funding. Students at private colleges now receive four times as much grant aid from their institutions as from the federal government.

“Many states are struggling to make up for severe student-aid cuts in recent years. Without a redoubled commitment from policymakers, the opportunity for all students to attend the institution of their choice may be lost.
“Although private colleges have increased grant aid by more than twice the rate of tuition in the past decade, affordable higher education will only be possible through a partnership of all stakeholders — federal and state governments, foundations and corporations, the families of college-going students and institutions of higher education.”

Recent ACE and CEF Activity

On September 22, the Committee for Education Funding (CEF) held its annual Legislative Conference and Gala. The Legislative Conference honored the outgoing chairmen of the appropriations committees, Sen. Ted Stevens (R-AK) and Rep. Bill Young (R-FL), and featured two panel discussions. The first panel debated the federal government’s role in funding education. The second panel was a debate on education policy between Rep. Mike Castle (R-DE), representing the Bush Campaign, and Robert Gordon, the Kerry Campaign’s director of domestic policy. While most of the debate centered on K-12 policy, both individuals mentioned their respective campaign’s higher education access policies.

Gala awards were presented to members of Congress later that evening, recognizing their efforts on behalf of the education community. Receiving awards were: Sen. Arlen Specter (R-PA); Sen. Jack Reed (D-RI); Rep. David Obey (D-WI); and Rep. Timothy Bishop (D-NY). Attending the Gala on behalf of COHEAO was president Jeanne Dotson; vice president Alisa Abadinsky; board of directors members Bob Frick and Bob Perrin; and executive director Harrison Wadsworth.
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Request for Nominations
COHEAO Board of Directors (Formerly Steering Committee)

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

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

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

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

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

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

All nominations must be received by October 31, 2004.

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

President: __________________________
Vice-President: ____________________

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

Nomination: __________________________  Nomination: __________________________
Nomination: __________________________  Nomination: __________________________
Nomination: __________________________  Nomination: __________________________
Nomination: __________________________  Nomination: __________________________

Chair positions include:
- Membership Co-Chair – Commercial (must be a commercial member)
- Membership Co-Chair – Institutional (must be a school member)
- Membership Co-Chair – Alliance Liaison
- Commercial Chair (must be a commercial member and is selected by the Commercial Committee)
- Operations & Budget Chair
- Legislative Chair
- Legislative Co-Chair – Perkins
- Legislative Co-Chair – Regulations & NPRM
- Legislative Co-Chair - Technology
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 2004-2005¹

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<th>Perkins FCC</th>
<th>State</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](http://www.ifap.ed.gov/cbpmaterials/0405CBCongreportApril8CoverLtr.html)
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E-OSCAR
Thursday, October 7, 2004
2:00 – 3:30 p.m. Eastern

The major national credit bureaus have announced that as of October 1, 2004 they will no longer accept updates of records on paper. They have initiated E-OSCAR as an electronic means of updating account records and resolving of disputes. The teleconference will discuss issues related to the E-OSCAR system.

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**Non-Members:** $100

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