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Letter from the President

Dear WVASFAA Friends and Colleagues,

Happy Spring – finally! I hope you were all able to attend the Spring



Conference and take advantage of the opportunities for training, fellowship, and fun. Thanks again to Jean Ann and Janis for all of their hard work.

As I am preparing to finish my term as WVAS-

FAA President I wanted to thank you all for giving me the honor of serving as President. I have learned a lot, met a lot of great people, worked a lot



harder than I had planned, and I would not trade the experience for anything.

I would encourage all of you to get involved on some level with WVASFAA activities. To paraphrase a famous quote (by someone!), we are

only as strong as our least active member. In these tumultuous times in financial aid it is very important that we stay strong and represent ourselves as we are – hard-working, committed professionals.

Thanks again for the opportunity to serve WVASFAA as President. Good luck Brian!

Lake



Election Results Are In!

Annual Election Ballots were sent out to membership prior to the Spring 2007 Conference held at the Pullman Plaza Hotel. Membership had the option of mailing their ballots to the Nominations Committee Chairperson before the Conference or

submitting them at the Registration Table during the Conference.

The ballots were tabulated and the results were announced at the Business Meeting on Friday.

Our new officers for the year are:

President Elect-Elect:
Robert "Buck" Eagle

Secretary:
James Buchanan

Treasurer:
Sharon Howard

Congratulations to all!

The Legislation You're Not Hearing About- and How it Can Affect Your Students

Whether you think the recent investigations into school and lender relationships are tarnishing the financial aid profession, or whether you believe the rise in accountability and transparency is actually a good thing for the industry, there's one by-product that we can all agree has been a positive: Student loan borrowers' ability to cope with their debt is finally getting the attention it deserves.

It's true that the *Student Loan Sunshine* and *Student Aid Repayment (STAR) Acts*, if passed, could have long-term effects on the types of student loans available and benefits offered. But regardless of how a loan is originated, the end result for the consumer borrower is the same – it's a debt that must be repaid and fit into a monthly budget. And for some borrowers entering the workforce today, facing an average education debt of \$20,000, there's a growing concern about the disparity between income levels and monthly payment amounts.

As a nonprofit with a mission of helping students and families manage higher education debt, American Student Assistance® is closely monitoring two pieces of proposed legislation that would directly impact current borrowers' ability to repay their student loans: the *Student Debt Relief Act*, introduced by Senator Kennedy (D-MA), Chairman of the Senate Health, Education, Labor and Pension Committee, and the *Student Borrower Bill of Rights*, introduced by Senator Clinton (D-NY). The repayment components of these bills may not be getting the same publicity as the Sunshine and STAR acts, but they have just as much potential to make a difference in borrowers' lives.

Student Debt Relief

While various repayment options exist in the federal loan programs, their effectiveness is limited, especially with the increasing debt burden experienced by students. Most options are based exclusively on the borrower's debt level rather than their ability to pay. This leaves borrowers with high debt and low family income repayment options that lead to negative amortization and increased debt.

As part of the Student Debt Relief Act of 2007 (S. 359), a Fair Payment Assurance program would be created for borrowers with high debt relative to income. This program would defer student loan payments for borrowers earning less than 150 percent of the poverty level for their family size. Borrowers with income above that level would have the option of having federal student loan payments capped at 15 percent of their monthly discretionary income. The government would take care of any unpaid interest that resulted from the lower payments on all subsidized Stafford and Perkins Loans.

Fair Payment Assurance would also forgive student loans after 25 years of steady payment on Stafford, Grad PLUS and Perkins Loans. Parent PLUS Loans could not be forgiven.

Fair Payment Assurance would also address the inequities of the current payment plans in regards to borrowers' family circumstances and available income. Today, a single borrower with no dependents is treated the same as a single borrower with multiple dependents, despite the fact that their monetary obligations are significantly different. Under the proposed new program, family size would be taken into consideration when a borrower's monthly payment amount is determined. According to an analysis of the Student Debt Relief Act by the Project on Student Debt (projectonstudentdebt.org), a nonprofit that works to increase public understanding of student debt's impact on society, a parent with two children would have a significantly lower monthly payment than a single borrower shouldering the same debt level at the same income. Other initiatives under the Student Debt Relief Act include loan forgiveness for public sector work; the much-talked about interest rate cut on subsidized Stafford Loans; and a \$1,500 tax credit for interest on student loans.

Many of these ideas for student loan payment reform were actually originally included in the Project on Student Debt's Plan for Fair Loan Payments. In 2006, the Project submitted a formal petition to the Department of Education to make student loan payments more manageable for low-income borrowers. ASA was one of a few FFELP guarantors to join student groups, parent associations and college access providers in signing the petition. ED denied the petition, then agreed to make repayment reform part of Negotiated Rulemaking, but ultimately dropped the topic in the Rulemaking sessions. Now it remains to be seen if the reforms will eventually become reality through passage of the Student Debt Relief Act.

Student Borrower Bill of Rights

Another piece of legislation with the potential to directly impact borrowers' repayment efforts is the Student Borrower Bill of Rights (S. 511). After first presenting the bill last year, Sen. Clinton recently reintroduced this legislation that seeks to, in the Senator's words, "provide student borrowers with basic rights to ensure that loan payments are affordable, allow students to shop for loans in a free marketplace, and give students timely information about their loans."

To make payments more affordable, the bill would set limits on the maximum amount of a monthly student loan payment based on a formula involving the borrower's Adjusted Gross Income (AGI) and the poverty line of the previous year. Additionally, the bill would allow loan forgiveness for borrowers who are terminally or seriously ill (unable to work for 60 months or more). Borrowers who have declared bankruptcy could also discharge their student loans. The Bill of Rights would also prevent student loan interest rates from being "unreasonable and exploitative," as well as reduce the additional fees associated with student loan default.

The Bill of Rights would mandate that student loan lenders report not just delinquent, but also timely payments to credit bureaus. It would also allow FFELP loans to be consolidated multiple times. The original version of the bill included the repeal of the Single Holder Rule for Consolidation Loans, which was already passed last year through the *Emergency Supplemental Appropriations Act for Defense 2006*.

The bill would also require lenders to report important information to borrowers in a timely manner during every payment period. Among other things, the statement would have to include the original principal amount borrowed, current balance, interest rate, total amount paid so far, monthly payment amount and due date, and lender contact information. Such statements and additional information on their rights and responsibilities would have to be sent to borrowers when they leave school, become delinquent, defaulted, or apply for loan consolidation.

Lastly, the bill would require certain higher education institutions to disclose a number of facts to their student loan borrowers, including the percentage of students who graduated within 150 percent of their expected dates; the percentage of graduates who found employment after six months; the median annual earnings of graduates; and the percentage of students who defaulted on student loans. Under the bill, any college administrator who received incentives to push students into loans would be liable for repaying the loans.

Regardless of whether any or all of these suggestions for repayment reform ever become reality, we can all be glad that the topic of student debt has risen to the forefront of our society's collective conscience.

Submitted by: Matthew Nettleton, American Student Assistance

WVASFAA Conference News

The Fall 2007 Conference will be held at Snowshoe Mountain Ski Resort, October 23-26, 2007. To check out a listing of all the properties that have been reserved, please go to www.snowshoemtn.com and click on village at the top of the page. The prices vary from one bedroom at \$108.00 to a two bedroom at \$186.00 in Allegheny Springs. With two members sharing a room this is a great price. You should be able to book your room after June 15th. You will need to ask for West Virginia Student Financial Aid Administrators. If you have a booking problem, please let me know. More information will be sent out on our WVASFAA listserv as we get closer to the conference.

Our Spring 2008 meeting will be held at Glade Springs March 27th & 28th. Many of you may not be aware that this is a new resort hotel. Please go to www.gladesprings.com to look at all Glade Springs has to offer.

The Fall 2008 and Spring 2009 conferences are being negotiated.

We have some beautiful locations with great rates to hold our conferences. I hope you will be able to join us.

If you have any ideas on conference sites that you would like me to check out, please don't hesitate to contact me at vsanders@wvstateu.edu or 304-766-3134.

I am looking forward to seeing you in the fall at Snowshoe Mountain.

Submitted by: Vicki Saunders

Help Your Students Evaluate Credit Card Offers

Submitted by: Kevin McKeown, VP Region Executive, USA Funds Services

As your students repay their holiday-shopping debts, now is the time to ask them whether their credit cards really are working for them.

College students are a targeted consumer group for credit-card companies, which lower their income-eligibility requirements just for this group. And 95 percent of graduate and professional students carry credit cards, with an average of four cards per student and an average debt load of nearly \$5,000.

The following tips from the USA Funds Life Skills financial-literacy program can help your students weigh the costs and benefits of incentives offered by credit-card companies. Advise students to watch out for the following offers:

- **Incentives that appear to provide bonuses for card use.** Most notable are cards that offer frequent-flyer mileage. Accumulating miles for redemption is expensive. Keep in mind that you might have to charge between \$25,000 and \$30,000 in order to qualify for one “free” ticket. Moreover, these accumulated miles often are difficult to redeem.
- **Introductory interest rates that expire soon after you begin to use the card.** These introductory rates climb to a higher rate almost immediately — and the credit-card company has to give you only a 15-day notice to change the rate. These notices often are buried within your monthly statement.
- **Balance-transfer deals.** Credit-card companies offer a lower initial interest rate if you transfer a balance from any of your other cards. They often charge a transfer fee of 2 percent to 4 percent. At 4 percent the charge to transfer a \$5,000 balance would be \$200. In addition, the initial interest rate typically climbs.
- **Late-payment interest penalties.** Some low-rate cards have exorbitant penalties associated with late payments. Being even a couple of days late in payment can result in a dramatic interest-rate increase, ranging from 10 percent to 20 percent.
- **Other credit-card fees.** Credit-card companies can charge late fees, annual fees that can reach \$150, fees for exceeding your limit, fees for nonuse and even fees for paying off the balance in full. Read the fine print.
- **Cash-advance offers.** If you ever have been tempted to use the “checks” that come in the mail from your credit-card company, you should realize that these companies generally charge a 2-percent-to- 4-percent fee for use of the checks. Additionally, the interest rate can be several points higher than the rate charged on purchases.
- **Variable due dates.** Credit-card companies can set and reset their payment-due dates. You might pay your balance on what you thought was the due date only to discover that you were charged both a late fee and interest. Examine the due date on your credit-card statement each month to ensure on-time payment.



Spring Conference—2007

We Are...WVASFAA!

The WVASFAA Spring Conference was held March 28 - 30, 2007 at the Pullman Plaza Hotel in Huntington, WV.

The theme, "We Are...WVASFAA" was selected because the association has been in existence for 40 years this year. This theme was a take on the We Are...Marshall movie and we had great fun rolling out the "Blue Carpet" and having pictures taken with life size cut-outs of Matthew Fox and Matthew McConaughey, who starred in the film.



The conference program was filled with many informative sessions for public, private, and technical/proprietary schools. Some of these sessions included HEPC Update, Professional Judgment, Loan Consolidation, and VA Update.

Wednesday night was memorable since members were honored for retirement, years of service, and special recognition. The guest speaker, Neil Bolyard, spoke about the history of financial aid and the formation of our state association.



Elaine Chiles was honored for her retirement from American Education Services. Friends and former co-workers playfully "roasted" Elaine, providing humorous and personal stories. Elaine's husband, Fred, also spoke.



The following members were honored for years of service: Diann Clothier-30 years; Kathy Mills, Candi Frazier, and Dianne Sisler-20 years.

Past Presidents were acknowl-



edged by the current President, Lake Tackett. She presented each with a festive tiara. These include: Neil Bolyard, Elaine Chiles, Dennis Cox, Robert "Buck" Eagle, Patricia Harmon, Karen Lay, Nina

Morton, JoAnn Ross, Jan Ruge, and Kaye Widney.

Special Recognition awards were given by Lake. She presented the President's Award to Susanne Duranti-National Education for special assis-



tance to her during the past year.

Lake also presented the Neil E. Bolyard Meritorious Service Award to James Buchanan-WV



State University for his outstanding contributions to the state and regional associations.



The association also recognized Neil Bolyard for his outstanding contributions to the financial aid profession.

Spring 2007 Conference Memories



HERA Training at WV SU May 9, 2007

Please don't forget to register for the HERA Training on ACG and SMART Grant!

This training will give us updated information and guidance concerning all issues including ACG and SMART Grant, loan limits, Return of Title IV and much more.

The training is scheduled to be held on the campus of West Virginia State University on Wednesday, May 9, 2007. The trainer will be Greg Martin. There is no cost for these one-day training sessions. Please mark your calendars for the date and plan on attending so that The Department of Education can continue to be able to offer these training sessions locally.

To register go to: <http://www.register123.com/event/profile/web/index.cfm?PKwebID=0x9634ec8e>

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Please contact us with any information you would like to see in future newsletters.