

WASHINGTON FINANCIAL AID ASSOCIATION

THE ADVISOR

SPRING 2009



NEW WFAA OFFICERS FOR 2009-10

MARILYN PONTI, WFAA NOMINATIONS CHAIR
WHITWORTH COLLEGE

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Rebecca Wonderly- Seattle University

Vice President –Training

Jordan Grant-Seattle Pacific University

Secretary

Paul Nagel- Seattle University School of Law

Treasurer

Corinne Soltis- South Puget Sound Community College

CONGRATULATIONS!

Thank you to my committee members Ted Haase and Darcy Keller for their amazing hours on conference calls and the numerous phone calls they made to get the ballot out. The committee appreciates all of the financial aid professionals that considered running for the WFAA board.

I hope that as a member of WFAA you will consider volunteering for committees for next year!

FROM THE PAST-PRESIDENT

KATHLEEN KOCH
SEATTLE UNIVERSITY SCHOOL OF LAW

We have had a busy time with all the new regulations and ever changing financial aid scene. What an incredible group of financial aid professionals! Financial aid is complex enough, but then added to the mix are constant regulatory updates and the economic climate and it is even more challenging. Yet, we persevere and become stronger while maintaining our integrity, professionalism, sense of humor and commitment to provide access to higher education.

The WFAA Executive Committee (EC) met in Olympia for our February meeting. We attended a Senate hearing with the Higher Education Coordinating Board and two of us from the EC (Janet Cantelon, VP of Legislation and Kathleen Koch, President) testified regarding SB 5044. SB 5044 prohibits non Washington residents from being able to use State Work Study and gives priority to high demand jobs. HB 2021 rebrands all sorts of financial aid under the name Opportunity Grant, cuts Washington Scholars awards from 4 years to 2 years,

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EOG criteria into need grant, eliminates out-of state-residents from receiving State Work Study, and other proposals. It also proposes to limit out-of-state residents to 15% of the usage. SB 6044 has also created discussion and commentary. It is possible by the time this newsletter is printed we will know what has happened in regards to these important bills. I would like to thank our VP for Legislation, Janet Cantelon, for her fine work and dedication on behalf of WFAA during these extremely busy legislative times.

Washington College Goal Sunday (CGS), headed up by NELA and 400 volunteers, was another huge success this year. CGS helps students across the state access financial aid opportunities by assisting them with completing the FAFSA in a high school or

college setting.

Please keep a look out for information regarding the upcoming Summer Training Workshop and plan to attend our annual WFAA Conference at the Seattle Airport Marriott, October 28-30, 2009. If you would like to be a conference volunteer, please contact our president-elect, Karen Driscoll at kdriscoll@clark.edu.

It has been a pleasure serving as your president. What an honor to be part of such an important and significant organization. Thank you to the Executive Committee and all the amazing volunteers and members who represent a wonderfully diverse group of institutions and backgrounds, bringing dedication, excellence, knowledge and depth to WFAA.

COLLEGE GOAL SUNDAY EVENTS IN WASHINGTON SERVE MORE THAN TWICE AS MANY STUDENTS AND FAMILIES

DANETTE KNUDSON
DIRECTOR, NORTHWEST EDUCATION LOAN ASSOCIATION

Filling out financial aid paperwork can be time-consuming and overwhelming. To help address this issue, College Goal Sunday [<http://www.collegegoalsundayusa.org/?wwparam=1239808135>] helps parents and college-bound students navigate the necessary paperwork and complete the Free Application for Federal Student Aid [<http://www.fafsa.ed.gov/>]. Timely submission of the FAFSA is critical to a student's eligibility for grants, scholarships and institutional aid.

The 2009 College Goal Sunday events held in Washington more than doubled the number of participating students and families from the previous year. In Washington, events were held at 24 sites with more than 300 volunteers assisting 1,600 students. Fifteen individuals from the NELA staff assisted at College Goal Sunday events.

“College Goal Sunday gives families one place to go to not only get their questions answered, but also to have an opportunity to sit down and fill out the form,” says Karen deVilla, executive director, NELA. “For many students, especially first-generation students, the financial aid process can be very overwhelming. College Goal Sunday helps to alleviate that confusion, and puts students on the path to receiving financial assistance.”

If you are interested in learning more about 2010 College Goal Sunday events in Washington please visit www.collegegoalsundaywa.org

Danette Knudson, the director of the Northwest Education Loan Association, may be reached at danette.knudson@nela.net

NORTHWEST DOLLARS FOR SCHOLARS: "HELPS STUDENTS IN FINANCIAL NEED"

KAREN DEVILLA

BOARD MEMBER, NORTHWEST DOLLARS FOR SCHOLARS

Each year, Dollars for Scholars chapters in the Northwest raise over **\$6.5 Million** in scholarship funds, which are awarded to over **3,000** students. These funds are raised through a network of local "chapters" that work creatively to raise money that becomes scholarships, which are awarded to students from within the communities they serve. That's a lot of bake sales, auctions and car washes! While most of the chapters are associated with high schools, there are also chapters representing civic organizations that have memberships with college ambitions.

As Executive Director of Northwest Education Loan Association and a board member of Northwest Dollars for Scholars, I know that you understand how important these dollars are to helping students reach their education and career goals. In fact, through our Collegiate Partners Program, many of your institutions are helping leverage these dollars to greater heights through scholarship matching.

We thank you for your efforts to help our students succeed!

Lead by Executive Director Rick Millerick, our Northwest Dollars for Scholars regional office helps our chapters succeed while working to increase the number of new community-based scholarship organizations. Of course, the ultimate goal for everyone is to assist more students in continuing their

education and achieving their goals. We know this is a goal we share with all of you.

To learn more about Northwest Dollars for Scholars, please visit our website: www.nw.dollarsforscholars.org. If you would like to contribute, please contact Rick Millerick at 425.894.9010, rmillerick@scholarshipamerica.org or visit our web site at nwdollarsforscholars.org and click on News & Event - Light the Fire for Education.

About Northwest Dollars for Scholars:

The mission of Northwest Dollars for Scholars is to provide leadership to volunteers who develop and support community-based scholarship programs that are self-sustaining and perpetual. Each Dollar for Scholars chapter or affiliate raises funds to provide scholarships and college planning assistance for students in their local community. With over 3000 volunteers working in more than 160 communities through-out Washington and Oregon, Dollars for Scholars is a true grassroots movement.

Northwest Dollars for Scholars is a program of Scholarship America and is registered under RCW 19.09. Financial information may be obtained by contacting Northwest Dollars for Scholars at 425-653-5728 or the Secretary of State at 1-800-332-GIVE.

NEW STUDY SHOWS THAT COLLEGE EDUCATION VIEWED AS CRITICAL BUT MANY FAMILIES DO NOT CONSIDER COST WHEN DECIDING HOW TO PAY

DR. BILL DIGGINS, STRATEGIC CONSULTANT AND LEAD RESEARCHER, GALLUP
SARAH DUCICH, VICE PRESIDENT OF PUBLIC POLICY, SALLIE MAE

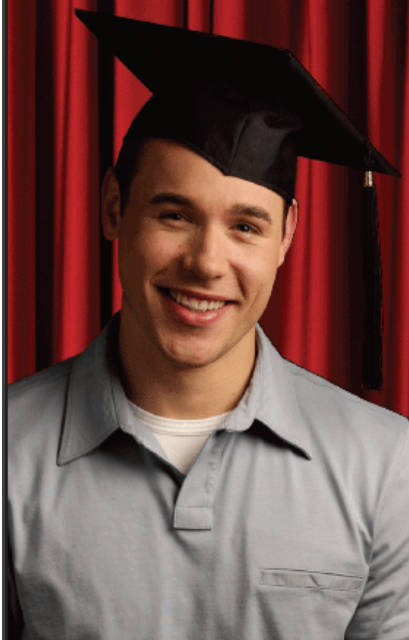
American families view a higher education as a critical investment in the future, but when it comes to planning and paying for that future, many do not consider tuition and associated costs when selecting a college. Many students and parents also fail to consider post-graduation income when deciding whether or how much to borrow to pay for college, according to a new national study of college-going families recently released by Gallup and Sallie Mae.

The study of more than 1,400 college students and parents, "How America Pays for College" provides the first mathematically representative composite picture of how American families paid for college last academic year. Parents,

on average, footed the largest portion of the college tuition bill, through current income and savings (32 percent of the total amount paid) and borrowing (16 percent), while the average student covered 33 percent of the cost, through borrowing (23 percent) and their own income and savings (10 percent). Scholarships and grants covered another 15 percent of the higher education price tag, with the remaining 3 percent contributed by relatives and friends.

Many families, however, are missing out on the tax-advantaged benefits of college savings funds, such as a 529 college savings plan. Only 9 percent of families took advantage of these plans, while the most often used source

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We pay the Federal Default Fee for all borrowers regardless of lender/servicer relationship, loan type, or school through June 30, 2009.

Financial Literacy

Our Financial Awareness Basics (FAB) program uses a variety of formats and an interactive, informative Web site (www.ecmc.org/fab) to guide students in smart money management practices.

Default Prevention

With one of the industry-leading cure rates, we offer communications and strategies that can be customized to best serve your default prevention goals.

Custom School Web Pages

Together, we design custom Web pages based on your financial aid process. Your students will appreciate a Web-based process that provides helpful information and instructions, leading them through your required steps in the financial aid process.

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To learn more about how ECMC can help you, contact Kathy McCutchen or Ruthie Lusha, your regional ECMC Client Relations representatives.

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was parents' current income, with 38 percent of all families spending an average of \$5,815 last school year.

How America pays for college also varies across income levels. Higher-income families paid much more from savings and income, and generally paid substantially more for college. Lower-income families received the most "gift aid," such as scholarships and grants, while middle-income families borrowed the most, both in real dollars and as a percentage of their total college costs. The study suggests that middle-income families tend to borrow more to afford a higher-cost postsecondary institution.

Among other findings, the "How America Pays for College" study revealed:

- While nearly nine out of 10 families (89 percent) with annual income below \$35,000 filled out the Free Application for Federal Student Aid (FAFSA), this number drops off considerably to only 76 percent for families with annual incomes between \$35,000 and \$50,000, and continues to fall as income rises.
- Overall one in four families did not complete a FAFSA.
- While credit card use for college expenses is relatively low in total (3 percent of students and 3 percent of parents charged part of their expenses) those who used credit cards to pay for college cited emergency cash flow problems as the No. 1 reason.
- Three percent of all families reported tapping home equity to contribute nearly \$11,000 toward their child's college education last year. Nearly three-quarters (73 percent) of these parents plan to borrow against home equity again to fund their child's education for the coming school year.
- Slightly less than half (47 percent) of all families borrowed money to pay for college, and federal student loans were the top source for both students and parents.

In addition, while more than nine in 10 parents (94%) and students (96%) agreed that college is an investment in the future, parents of college students were worried about the cost of college and how the economy will affect their ability to pay for college. According to the study, the top concern, shared by 60 percent of parents, is that institutions will raise tuition, followed by 51 percent of parents expressing concern that loan rates will increase.

While 58 percent of families reported ruling out institutions because of cost at some point during the application process, another 42 percent of families did not limit their search based on cost—even after reviewing financial aid packages. Even more surprising, 70 percent of students and parents said a student's expected post-graduation income either was not considered or did not make a difference on their borrowing decisions. The study also revealed that 49 percent of families limit their school options even before applying for admission and receiving a financial aid package.

Gallup and Sallie Mae conducted this study to help families make more informed decisions about how to pay for college. We have found that too few parents and students are focusing on the total cost of college, too many are ruling out college choices either too early or too late in the application process, not enough are using available college savings tools, and too many are borrowing without considering how they will pay. It is also troubling that one in four families do not complete the form, leaving grants, scholarships and low-cost loans on the table. We must help families be aware that decisions about college should not be made before understanding exactly how much financial aid is available.

Gallup and Sallie Mae plan to conduct the "How America Pays for College" study on an annual basis. The study will continue to help all stakeholders better understand how public policy, economic conditions and attitudes about the pursuit of a higher education evolve over time, and show how this evolution impacts the American family's ability to pay for college.

The complete "How America Pays for College" survey is available for free download at:

www.SallieMae.com/howAmericapays.

CREDIT CARD COMPANIES HOOK STUDENTS EARLY

CRAIG BERKLEY

ACCOUNT EXECUTIVE TEAM MANAGER, TG

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

When asked how they use their cards, more than half of students (55 percent) reported that they use them for "day-to-day-expenses."

balances with interest accruing on a large portion of that amount.

College students add to the growth in credit card debt each fall. In their freshman year, college

students receive credit card offers even before they reach campus. By the time they graduate, more than 70 percent of students have begun using a card, adding an average of \$2,000 of debt beyond any student loans they may have borrowed.

Students are good credit risks for banks, despite the fact that they have student loans and often do not have jobs. Research

shows that students stay loyal to their first card and continue to make purchases with it far into the future.

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

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

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

MoneyMatters

Credit Card Traps

The world of credit cards can be a minefield—especially the fine print. This sample of fine print, taken directly from a popular credit card offer, shows how confusing it can be:

CASH ADVANCE FEES

All cash advances: 3% of the amount of the advance, but not less than \$10.

Translation: You will pay 50% on a \$20 advance or 10% on a \$100 advance.

2.9% FIXED INTEREST RATE

You understand that the terms of your account, including the APRs (Annual Percentage Rates), are subject to change.

Translation: Your rate will increase and it is not fixed at all.

SELLING ADDITIONAL PRODUCTS

We may share information about you among our affiliates in order to offer products and services of interest.

Translation: Your name and address will be sold and you'll receive more junk mail and telemarketing calls.

METHOD OF COMPUTING THE BALANCE FOR PURCHASES

Two-cycle average daily balance method (including new purchases).

Translation: If you have a balance, the bank will include charges from both the prior month and current month to compute the average daily balance against which interest will be charged.

DEFAULT RATES

Your APR may increase if you fail to make a payment to us or any other creditor when due.

Translation: You may pay on time faithfully, but if you miss a payment on another loan, your interest rate will increase significantly.



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

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

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

alumni and students, earning the colleges millions in annual fees.

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

Craig Berkley is an Account Executive Team Manager with TG serving schools in WFAA. You may reach Craig at (800) 252-9743, ext. 4808, or by e-mail at craig.berkley@tgscl.org. Additional information about TG can be found online at www.tgscl.org.

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UPCOMING TRAINING OPPORTUNITIES

SUMMER WFAA WORKSHOP

The dates of our summer workshops are:

July 22nd at SPU campus in Seattle

July 23rd at Whitworth campus in Spokane

Workshop registration starts at 8:30.

The Cost is \$50 (which includes 2009-10 WFAA annual dues) and lunch.

Agenda:

Department of Education update, Higher Education Coordinating Board Training and other professional development topics.

WASFAA Training:

Sister Dale Brown Summer Institute

June 7-12 University of Nevada, Reno

At the SDBSI, participants receive in-depth training on the fundamentals of financial aid processing. The teaching format, large lecture style complimented with small group discussion sections, allows participants to meet and interact with other administrators, enabling them to develop a professional network and forge long lasting professional relationships. Become part of the alumni network that has trained many of today's financial aid leaders throughout the Western region.

For more information or to register, visit the WASFAA website at http://www.wasfaa.org/docs/toc_summerinstitute.html

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Kelley Bauman, Regional Account Executive

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