A History of the National Association of Student Financial Aid Administrators

2001-2006

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NASFAA
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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INTRODUCTION

The National Association of Student Financial Aid Administrators (NASFAA) published its first history, *The First Twenty Years* by Dr. Stephen Brooks, in July of 1986. Dr. Brooks, then a staff member at Wake Forest University and subsequently the executive director of the North Carolina State Education Assistance Authority, took a chronological approach in writing about the first two decades of the existence of NASFAA. In autumn 1985, NASFAA invited me to continue to record the organization's history for the periods of July 1, 1986 through June 20, 1991 and July 1, 1991, through June 30, 1996. Since then I have also chronicled July 1, 1996, through June 30, 2001, and the current effort, July 1, 2001, through June 30, 2006.

Unlike the first history, I have organized these four volumes by topic to provide quick access to specific information. The initial section deals with NASFAA's infrastructure, including governance, membership, finance, and communication. The next section is devoted to the association's relations with an expanding number of higher education and other organizations. The third section, professional development, discusses training, research, multicultural issues, conferences, and awards. The final section pertains to legislative and regulatory advocacy. The final section also includes a new segment on student loan issues, which are of increasing concern to the student aid community and the families who depend on loans to reach their education goals.

Of course, this history could not have been written without the sustained encouragement and assistance of NASFAA's president, Dr. A. Dallas Martin, the Board of Directors, and NASFAA's dedicated staff.

Several members of the staff in front of the NASFAA exhibit hall booth.

NASFAA ORGANIZATION AND STRUCTURE

From 2001-06, student aid experienced immense growth in terms of dollars available to students, number of programs, and program complexity. According to The College Board's *2006 Trends in Student Aid,* the total dollar assistance available to help postsecondary students grew in current dollars from just over $96,694 billion in 2001-02 to $152,248 billion in 2005-06.[1] These data do not take into account private or subsidiary loans or student employment provided by institutional resources. NASFAA's governance, membership, finance, and communications had to remain adaptable and efficient to meet the challenges of this rapid growth.

Governance

Throughout the period, NASFAA continued to function under two governing documents: the articles of incorporation and the bylaws. Neither was altered during the five-year period and both appeared in the printed membership directory each year. Both now appear on the association's website. Other key documents that guided the work of the organization included the mission statement, revised in May 2005, and NASFAA's Statement of Ethical Principles, approved by the Board of Directors in April 1999. The strategic long-range plan, revised every five years, also served as a monitoring mechanism to determine how effectively the association's committees fulfilled the goals established for them.

NASFAA's membership elected three officers to one-year terms each year: the national chair, the national chair-elect, and the immediate past national chair. The national chair presided over a Board of Directors consisting of, in addition to the aforementioned officers, 12 national directors and 12 regional directors. National directors served for three-year terms and could be reelected to one additional nonconsecutive term. Each of the six financial aid association regions selected two directors who served terms as regional directors stipulated by their respective regional financial aid associations. The president of NASFAA was also a voting member of the Board. The national chair selected up to three commission directors each year to oversee the work of the committees. Commission directors served for one year as non-voting members of the Board. The bylaws stipulated that the Board must convene at least twice each year, although in practice the Board held three annual meetings: autumn, spring, and summer (the latter in conjunction with NASFAA's National Conference in July).

Continuing a long and fortunate tradition for the organization, five dedicated and highly talented individuals served as the elected national chairs from 2001-06:

- 2001-02: Cruzita Lucero, Director of Financial Aid at Northeast Technical Community College in Blountville, Tennessee
- 2002-03: Dr. Charles W. Bruce, Director of Financial Aid at Oklahoma State University in Stillwater
- 2003-04: David B. Myette, Director of Financial Aid at Champlain College in Burlington, Vermont
- 2004-05: George Chin, Director of Financial Aid at the City University of New York

- 2005-2006: David R. Gelinas, Director of Financial Aid at the University of the South in Sewanee, Tennessee.

NASFAA's headquarters were located at 1129 20th Street NW, Washington, D.C. Dr. A. Dallas Martin, who had succeeded Richard Tombaugh as national secretary on July 1, 1987, served as NASFAA's president and chief executive officer throughout the period[2]. Building on the achievements of Mr. Tombaugh and NASFAA's founder, Allan W. Purdy, Dr. Martin led the organization to preeminence in the field throughout his more than 30 years of service.

In May 2002, Dr. Martin agreed to serve another three-year term,[3] and in July of the same year, the Association Governance and Management Committee (AGMC) announced its intention to develop a plan for an eventual presidential transition.[4] NASFAA established a Transition Fund of $250,000 in July 2003 as a component of the General Fund to remain in place until needed.[5] The Transition Fund was composed of money remaining in an obsolete "Contract Security Fund," originally designed to staff contract projects, and some money transferred from the Software and Equipment Replacement Fund.

Two of the most important duties of NASFAA's president were to select the appropriate staff to conduct the association's numerous and ever-expanding activities, and to provide a suitable workplace environment. The success of NASFAA in large measure attests to the fact that Dr. Martin made thoughtful staffing choices. During the period, the association consisted of:

- Executive Administration
- Division of Professional Excellence (replaced by the Division of Marketing in 2004)
- Division of Finance and Membership Services
- Division of Governmental Affairs
- Division of Program Planning and Development
- Division of Training and Technical Assistance.[6]

NASFAA's committees and Board monitored NASFAA's activities. The Board of Directors established specific commissions (typically three) to carry on the association's work and assigned committees to the commissions. The national chair then nominated and appointed directors of the commissions with the approval of the Board. The chair also selected the individuals who served on the committees. Most committees met three times a year, including one meeting at the National Conference. With the exception of 2001-02, the number of volunteers wishing to serve on committees exceeded the number of available places during each of the five years. For example, in 2002, 180 individuals had applied to serve on 2002-03 committees, 40 more than in the prior year.[7]

A variety of committees functioned throughout all five years of this history:[8]

- Access and Choice (2002-03 only)
- Association Governance and Membership (AGMC)
- Awards
- Best Practices Task Force (2002-03 through 2004-05; combined with Training Committee starting 2005-06)
- Diversity and Multicultural Issues (DMCI) (through 2003-04)
- Editorial Board of the *Journal of Student Financial Aid*
- Editorial Board of *Student Aid Transcript*
- Federal Issues (replaced by the Reauthorization Task Force [RTF] in 2003-04 & 2004-05)
- Finance (renamed the Finance and Audit Committee in November 2005)
- Graduate and Professional Issues (GPIC)
- History Committee (2001-02 & 2002-03)
- Institutional Program Management (IPM) (2004-05 and beyond)
- Leadership Development and Professional Advancement (LDPA)
- National Conference
- Nominations and Elections
- Research
- Technology Initiatives (TIC)

2004-05 NASFAA Chair George Chin

Perhaps the most significant, and to some, controversial, change occurred with the Diversity and Multicultural Issues Committee (DMCI) in 2004. At the Diversity and Multicultural Issues Roundtable preceding the 2004 NASFAA Conference, 2004-05 NASFAA Chair George Chin announced that that he planned to restructure NASFAA's committees to address diversity more effectively. Starting in 2005-06, in lieu of the DMCI committee, the Access and Diversity Committee would address student diversity while the Leadership Development and Professional Advancement Committee would address professional diversity.[9] The elimination of the Carnival of Learning for the 2005 National Conference—which previously had been the committee's primary activity—played a role in this decision.[10]

During the period, the Association Governance and Membership Committee (AGMC) took on an expanded role similar to that of an executive committee. For example, in 2002 the AGMC assumed the role of evaluating NASFAA's products and services, monitoring the reports of committees to determine if they were contributing to the organization's goals, and developing the presidential transition plan.[11] Monitoring responsibilities extended in 2003 beyond the committees to include officers and staff.[12] In 2004, in addition to searching for better methods to evaluate the association's goods and service, AGMC produced a definition of retiree membership status and proposed fees for retired members.[13]

In May 2006, the Board charged the Finance Committee and AGMC with examining the association's policy of seeking sponsorship for its various activities, which was to become a pivotal issue in the coming years.[14]

Membership

The NASFAA Bylaws provided for four types of membership, listed here from largest to smallest number of members:

- *Institutional Members* consisted of postsecondary institutions, virtually all of which were located in the United States and its territories.
- *Constituent Members* included government agencies, education associations, service providers, and individuals who sought to promote the administration of student financial aid.
- *Affiliate Members* included financial aid administrators employed full-time at a college, university, or school that did not hold a NASFAA institutional membership.
- *Student Members* included students at the undergraduate and graduate level.

Describing changes to the association's membership at a November 2005 Board of Directors meeting, NASFAA Vice President for Finance Dr. Sally Candon said that the membership was "essentially stable, although certain categories fluctuate due to consolidations, mergers, and budget constraints that vary from year to year."[15]

In 2001-02, NASFAA's total membership stood at 2,988, of which 2,733 were institutional members, 217 were constituent members, 20 were affiliate members, and six were student members. Bringing the total to 2,988 was a retiree group of seven, which the Board had approved but the Bylaws had not recognized. By 2005-06, the total membership reached 2,868, composed of 2,624 institutional members, 229 constituent members, 12 affiliate members, and four student members. The number of retiree members was not available for that year, but had been reported as 19 in 2003-04.[16]

An examination of the membership by institutional type and control reveals the following:

NASFAA Institutional Members by Type and Control: 2001-02 and 2005-06

	2001-02	2005-06
Private 4-year and above	875	777
Public 2-year	746	714
Public 4-year and above	486	475
Graduate and professional	142	135
Private for-profit	180	199
Private 4-year only	*	161
Public 4-year only	*	36

*Individual data were not collected for private 4-year only and public 4-year only in 2001-02.

NASFAA Institutional Members by Region: 2001-02 and 2005-06

	2001-02	2005-06
Eastern Association of Student Financial Aid Administrators (EASFAA)	766	755
Midwestern Association of Student Financial Aid Administrators (MASFAA)	692	647
Southern Association of Student Financial Aid Administrators (SASFAA)	569	552
Western Association of Student Financial Aid Administrators (WASFAA)	415	398
Southwestern Association of Student Financial Aid Administrators (SWASFAA)	313	292
Rocky Mountain Association of Student Financial Aid Administrators (RMASFAA)	227	218

NASFAA Institutional Membership: 2001-02 to 2005-06 Highest and Lowest Numbers by State

		2001-02	2005-06
Highest	California	222	228
	New York	171	187
	Pennsylvania	154	144
Lowest	Nevada	7	9
	Alaska	7	7

The association faced three significant membership issues between July 1, 2001, and June 30, 2006.

1. *Increasing the number of participants in elections and candidates for office.* A trend toward fewer candidates for office and participants in elections became more pronounced during the late 1990s and early 2000s. At the Board's July 2001 meeting, Board Member David Gelinas suggested that moving from paper ballots to electronic voting might reverse the downward trend.[17] The Nominations and Elections Committee was concurrently working with regional and state leaders to expand the number of nominees for NASFAA offices.[18] NASFAA introduced electronic balloting in time for the 2002 election, increasing voter turnout by about 2 percent, and saving the association money as well.[19]

   When election participation fell from 1,402 in 2002 to 1,108 in 2003 (dropping to just 41 percent of the membership), the Board called for an inquiry into why some members failed to vote.[20] They also discussed how to interest more individuals in running for National Chair. While NASFAA received a large number of nominations for the 2005 election, voter turnout remained low.[21] The Board suggested sending members more frequent reminders to vote, a shorter timeframe for the election to add immediacy, posting information about the candidates before the election, and publication of voter participation by region. The 2006 election saw notable improvement in both the percentage of members voting and the number of candidates for National Chair put forward by the regional associations.[22] Based on the assumption that the shortened voting time had contributed to the improvement in the percentage of the members casting a ballot, the Board voted unanimously to reduce the balloting period from 30 to 21 calendar days.

2. *Distinguishing between branches and multiple institutions.* The Task Force on Membership Dues, created in 2003, found that a number of institutional systems were identifying their distinct multi-campuses as "branch campuses." At that time, NASFAA had two formulas for determining the dues of multi-campus institution: one for branches and one for multiple institutions. The standard used to determine the appropriate status of a campus was whether it possessed a distinct Office of Postsecondary Education (OPE) identification number or simply unique suffixes. The misidentification of multiple institutions as branch campuses was said to be depriving NASFAA of approximately $200,000 in dues income each year.[23]

   The Membership Dues Task Force reported to the Board in May 2004 that the procedure of using the OPE number had been in effect since 1987 and provided a reasonable distinction. However, the wording in NASFAA membership materials needed clarification.[24] NASFAA staff sent notification of the revised wording to member institutions affected by the clarification. Vice President for Finance and Membership Sally Candon attributed the shortfall in dues for 2004 to several institutional systems dropping their campuses from membership, and the loss by the systems of FTE with a corresponding reduction in dues.[25]

3. *Revised Dues Determination Procedures.* The membership issue of the most significance during the five-year period was a change in how NASFAA assessed its membership dues. The existing dues determination procedures, in effect since 1991-92, provided for a base fee plus a variable fee based on the full-time equivalent (FTE) enrollment for institutional members (the largest category). In 2001-02, this formula resulted in a base fee of $550 and a variable fee of 6.5 percent times the institution's FTE.[26] The formula charged constituent members a variable amount between $1,500 and $5,000, depending of the amount of income it earned from business relating to student financial aid. NASFAA charged institutional affiliate members $550, and charged constituent affiliate members the same as other constituents.

Dissatisfaction grew during this period over how the association established its membership dues. At the November 2002 Board of Directors meeting, National Chair Charles Bruce expressed concerns about the Finance Committee's burdensome task of continually setting dues increases.[27] This concern led Chair-Elect David Myette to appoint the Task Force on Membership Dues, headed by Chair-Elect-Elect George Chin. While refraining from an assertion that the existing dues methodology was no longer appropriate, Mr. Myette felt it crucial to ensure that the methodology was equitable.[28]

In November 2003, Task Force Chair George Chin announced that after intense discussion, the Task Force had concluded that the number of NASFAA services each member sought should determine the member's dues. He anticipated a base service package with basic services and two premium packages offering a greater array of services.[29] The Board asked for a comparison of the association's dues in contrast to other comparable organizations. Mr. Chin reported that NASFAA's dues were quite moderate when compared with other associations that did not offer NASFAA's level of services. Dr. Martin observed that the postsecondary institutions that often complained about dues increases were those that were raising their tuition and fees at a higher rate.

At the May 2004 Board of Directors meeting, Mr. Chin offered considerably more detail on how the new system would function. He called the revenue-neutral system a means to combat the perceived inequity that institutions of different sizes paid similar dues. No change would be made in the base membership dues. For an additional $300, institutions selecting the second tier would also receive access to the *NASFAA Encyclopedia* and annual Fall Training materials. The third tier, costing $500 more than the basic membership, offered all of the benefits of the basic and second tier levels plus a 5 percent discount on publications, a 10 percent discount on conference registrations beyond the first one, website access for additional people at the institution, and a choice from among CORE training materials, registration for a Best Practices Symposium, or additional access to the *Encyclopedia*.[30]

The Board approved the new membership dues framework at its July 2004 meeting to become effective for the 2005-06 fiscal year.[31] The tiered institutional membership levels were called Standard (basic), Value (second tier), and Value Plus (third tier). To accomplish the change, NASFAA standardized the applicable dues payment periods and eliminated the practice by some systems of claiming multi campuses as branches by using the OPE identification number to establish the distinction. Preliminary information gathered in July 2005 showed that 1,856 of members selected Standard, 658 opted for Value, and the remaining 136 chose Value Plus.[32] Data showing that the number of Value Plus members exceeded the original estimate by 50 alleviated Board members' earlier concerns that few institutions would select the highest tier.[33]

Finances[34]

The financial health of the organization improved dramatically between 2001-02 and 2005-06. During the association's 2001-02 fiscal year, expenses amounted to $6,031,547 while revenue was $5,631,348, creating a deficit of $400,199. By fiscal year 2005-06, support and revenue had risen to $8,957,645, while expenses were held to $6,907,690. The excess of income over expenses had grown to $2,049,955.

As it had for many years, NASFAA sought to maintain a reserve that equaled at least 50 percent of its operating expenses. The investment portfolio by the end of 2003-04 amounted to $8,120,247 of which $5 million was considered a reserve and the remainder consisted of various funds, including grants, the equipment fund, and the project development fund.[35]

Revenue and Expenses

The primary 2001-02 revenue sources were membership dues, the National Conference, training/professional development, and the *NASFAA Encyclopedia*. Membership dues brought in $3,162,800, and the National Conference brought in $1,522,697. Other components of the revenue stream came from contracts, grants, and project development. Expenses, on the other hand, were associated with membership, the national conference, special funds, the equipment fund, training/professional development, and the *Encyclopedia*. Also included in the expenses were contracts, grants, and project development. The largest expense item was membership, which exceeded membership dues revenue for 2001-02 by $872,032.

NASFAA designated "Revenue" as "Support and Revenue" starting with 2003-04. This heading included investment income. The association transferred into current assets what had previously been included under revenue as special funds. On the expenses side, the Finance Department reported salaries, benefits, shared expenses, specified expenses, and travel separately starting in 2004-05, in contrast to prior years when they had been assigned to specific cost centers. When the *NASFAA Encyclopedia* became a benefit for members who chose the Value and Value Plus membership levels in 2005-06, NASFAA no longer reported the revenue and expense of this product separately.

Salaries. Staff salaries, reported separately from other expenses, rose from $2,735,581 in 2003-04 to $3,148,477 in 2005-06. This improvement in compensation resulted from the sustained efforts by the organization's leadership in the face of the highly competitive employment situation in the nation's capital. In the November 2001 Board meeting, National Chair Cruzita Lucero observed that the availability of higher paying employment elsewhere in the Washington, D.C. area had resulted in the loss of a number of highly qualified NASFAA's staff in past several years.[36] She felt that it was essential to restore competitiveness to staff salaries. Her remarks came in response to Finance Committee Chair Willie Woods' assertion that the financial state of the organization might require the reduction of member services and no improvement in staff compensation for 2002-03. The following year's operating budget was marked by a continuation of the salary freeze, although unexpected revenue in excess of expenses at the end of the fiscal year 2002-03 permitted giving staff unrestricted one-time bonuses totaling $50,000.[37] As the financial picture improved, the Board approved an amendment to the 2004-05 operating budget, permitting the resumption of regular annual salary increases to the staff.[38]

The financial shortfall that had caused the salary freeze had also raised serious doubts about the continuation of several NASFAA activities. In November 2001, then Commission Director Willie Wood recommended to the Board that NASFAA identify those products and services that could be ended.[39] Earlier that year, Dr. Martin had lamented at the July 2001 Board meeting that some postsecondary education institutions were turning from NASFAA to other organizations for training and assistance, including the Department of Education, because their assistance was available at no fee. He warned that the persistence of this trend could deprive financial aid administrators of control of their profession.[40] The Board singled out for vigorous marketing several of NASFAA's financially challenged products and services, including the *NASFAA Encyclopedia of Student Financial Aid*, the Standards of Excellence modular reviews, the Best Practice Symposia, and auditor training.[41] Other activities identified as needing justification due to their expense included CORE training materials, the paper version Membership Directory, and the visitation program that sent Board members to the meetings of the six regional associations.[42]

NASFAA Encyclopedia. The flagship compendium for financial aid professionals, the *NASFAA Encyclopedia* continued to experience a drop in subscriptions as the five-year period began. NASFAA staff believed that moving the publication from its paper and CD-ROM versions to a web-based version in 2003-04 would help return it to a positive income status.[43] The staff also felt that a more efficient search engine would make it easier for users to access information in the *Encyclopedia*.[44] Effective for 2005-06, access to the *Encyclopedia* became a benefit of membership for education institutions selecting Value or Value Plus membership tiers.

CORE. Updating and revising CORE, a comprehensive training tool for new financial aid professionals, consumed a significant amount of staff time each year.[45] Staff salaries and benefits comprised nearly the entire cost of producing CORE, which was highly valued by users but did not generate the income needed to cover these costs.

Best Practices Symposia. Members who participated in nationwide Best Practices Symposia appreciated the program's value as a forum for discussion of practical issues in student aid administration. Concerns grew over whether the program, which NASFAA conducted around the country, could meet its expenses. The Best Practices Task Force recommended in July 2004 that NASFAA continue the symposia on a year-to-year basis to see if the financial situation improved.[46]

Standards of Excellence. A motion made at the July 2002 Board meeting proposed discontinuation of the Standards of Excellence modular reviews. Through Standards of Excellence, institutions contracted with NASFAA for a targeted evaluation of one or more areas of financial aid operations on campus. Unfortunately, the program consistently operated at a deficit. The Board eventually tabled the motion and never put it to a vote because the majority of Board members felt the program had the potential to succeed.[47]

Membership Directory. By 2004, the staff had converted the annual directory of NASFAA members' contact information to an electronic format, and made plans to eliminate the expense of production and mailing costs for the printed version. However, a contingent of Board members opposed the elimination of the paper version of the directory, citing that the electronic version was difficult to use and incomplete.[48]

Growing Fiscal Strength

Several shifts in NASFAA's internal and external environments helped to alleviate many of these financial woes toward the end of the five-year period. These included an improved volume of grants, partnerships, contracts, and sponsorships, as well as improvement in the equity markets. A few examples of these shifts appear below:

- *Learnstudentaid.org:* NASFAA initiated the development of a web-based distance learning program, Learnstudentaid.org, in 2001 with the help of the Texas Guaranteed Loan Agency and the University of North Carolina at Wilmington. NASFAA and its partners developed the training under a grant from the U.S. Department of Education's Learning Anytime Anywhere Partnership administered by the Fund for Improvement of Postsecondary Education.[49]

- *Standards of Excellence (SOE):* The fiscal position of the SOE modular reviews improved in 2003, when three organizations contracted with NASFAA on behalf of their constituents. First, NASFAA entered into an agreement with the North Carolina Student Assistance Agency under which the agency would subsidize reviews conducted in that state.[50] That same year, NASFAA reached an agreement with the United Negro College Fund to promote and provide the reviews for its institutions, in coordination with organizations representing the Historical Black Colleges and Universities and institutions serving Hispanic students. Later in 2003, NASFAA reached an agreement with the Kentucky State Agency to assist in funding reviews in that state. By November 2004, SOE was conducting an average of two reviews per month.[51] Having overcome its deficit status, the Standards of Excellence program could be moved from the project development fund back to the operating budget for the 2005-06 fiscal year.[52]

- *In Search of Best Practices Symposia:* The Board informed the Best Practices Task Force in July 2003 that its symposia would be continued into 2003-04 if it could find a total of $15,000 through grants and cost reductions by October 1, 2003.[53] By the November 2003 Board meeting, NASFAA had received commitments for $22,500 in sponsorship, permitting three symposia in the winter and early spring of 2004.[54] The number of symposia attendees grew from 170 in 2004 to 240 in 2006.[55&56]

- *Investments.* Improvement in the equity markets and a rebalancing of the portfolio also helped return the association to financial equilibrium. In April 2003, the Finance Committee met with the organization's portfolio manager and, upon learning that the investments had lost some of their value, instructed that interest and dividend income should be used to purchase equities rather money market funds as had been past practice. In addition, NASFAA shifted some of its money market funds to real estate investments.[57] NASFAA's total investments at the end fiscal year 2003-04 amounted to $9,404,935. Two years later, as the changes authorized by the Finance Committee began to take effect, total investments had grown to $11,295, 017.[58] At the May 2006 Board of Directors meeting, the Finance Committee reported on the success of its portfolio restructuring decisions with pride.[59]

NASFAA staff members Marcia Weston and Sirena Smith representing College Goal Sunday at the NASFAA Conference.

- *Grants and Partnerships.* The generosity of Lumina Foundation for Education, created when Sallie Mae acquired USA Funds, played a significant role the improvement of NASFAA's finances. Since 1996, Lumina Foundation for Education had provided funding for NASFAA's Sponsored Research Grants Program, with typical awards varying between $400 and $4,000.[60] In May 2004, Lumina Foundation for Education renewed its support for the Sponsored Research Grants Program with a sponsorship of $25,000 per year for a three-year period.[61] Lumina also awarded NASFAA $45,000 to support research regarding the effect of applying the need analysis formula on financially emancipated students. In 2004, NASFAA and Lumina reached an agreement that NASFAA would take control of administering College Goal Sunday, a multi-million dollar student outreach program targeted at helping families complete the FAFSA.

  Other generous funders included Nelnet and USA Funds. In 2004, NASFAA received a $50,000 grant from Nelnet to underwrite research on student access.[62] NASFAA also collaborated with USA Funds to create "Unlocking Your Future," an early college awareness program for counselors to conduct with middle-school students.

- *Sponsorships:* As NASFAA found itself facing growing demands for new and expanded member services, it became apparent that its traditional revenue sources, such as membership dues and conference fees, could not provide sufficient fiscal resources. NASFAA therefore turned increasingly to sponsorship as a means of meeting its expenses. This growing reliance of sponsorship became a concern to both the Board of Directors and the staff. At the November 2002 Board meeting, Dr. Martin noted recent difficulty in interesting more than one sponsor in providing support for projects such as redesigning NASFAA's website for students and parents, noting previous Board concerns about entering into exclusive sponsorship arrangements.[63] The Board took the position that any exclusive sponsorship arrangement with a single entity must provide funding of sufficient magnitude to moderate the loss of what might have been received from others.

  AGMC Chair Cruzita Lucero reported to the Board in July 2003 that her committee had examined the association's policy on accepting corporate sponsorships, stating that any sponsorship that might "provide for unusual forms of recognition or non-routine contractual arrangements" should be taken to the Board of Directors or executive committee for consideration.[64] The Board's objection to one of the sponsors for the 2005 National Conference led to the Board's unanimous decision to appoint a task force to examine the matter of corporate sponsorships. National Chair-Elect David Gelinas explained that the task force would work with the Finance Committee and AGMC.[65] A report had not yet been filed by the time the Board met in July 2006.

Communications

The success of an effective organization is its ability to communicate among its members as well as with external groups and individuals. NASFAA members benefited significantly during the period from the shift to faster and more cost-effective electronic communications.

Today's News

NASFAA's daily online newsletter, *Today's News,* remained the prevailing method for NASFAA to communicate with its members and others throughout the period. Published on the association's website and announced to subscribers via direct email every weekday, *Today's News* offered a compilation of "federal documents, nonfederal reports, meeting details, newspaper and wire service articles, and other information of interest."[66] Director of Communications Jeffery Sheppard, who resigned from the organization in May 2006, contributed to the effectiveness of *Today's News* during this period.

Journal and Transcript

NASFAA also regularly published two additional periodicals during the five-year period: *Student Aid Transcript* magazine and the *Journal of Student Financial Aid*. The association continued to publish the *Journal* three times a year under the talented editorship of Joseph Russo of the University Notre Dame. In addition to receiving print copies of the publication on campus, NASFAA also made the publication's current and past issues and a comprehensive index of articles available on its website. Although the small number of manuscripts submitted had long been a problem for the *Journal,* toward the end of the period the volume and professional quality of submissions began to increase. The combined efforts of Mr. Russo, the Editorial Board of the *Journal of Student Financial Aid*, NASFAA's Director of Research and Policy Analysis Kenneth Redd, and Senior Associate Director of Communications Linda Conard contributed immensely to the *Journal's* growing success through several specific steps:

- Stricter quality control with checks at every step in the publication process was introduced in August of 2002.
- Meetings by Mr. Russo with the Research Committee in an effort to promote authorship.
- The addition of Mr. Redd to an early stage of the review process to identify and resolve problems before manuscript approval.
- *Today's News* announcements of articles to appear in upcoming *Journal* issues.
- Opening online access to academic researchers.

Increased requests for archived *Journal* articles demonstrated its growing popularity and use among academic researchers and in postsecondary-level coursework.[67]

Student Aid Transcript Editor Linda Conard and the magazine's Editorial Board also made noteworthy changes in *Student Aid Transcript* during the period.[68&69]

- As with the *Journal*, staff introduced quality control checks at each juncture of the publication process.
- Columns by experts on financial aid management and tax issues became regular features.
- Ms. Conard, who had served as editor since 1998, met with several of the association's committees seeking their input on what should be presented to the readers of the increasingly popular magazine.
- The magazine's appearance was changed and updated to make it more attractive and reader-friendly.
- Topics featured in the *Journal* often appeared in summary form in *Transcript* to provide members with more exposure to current research areas in the field.

NASFAA Website

If any single change can be said to mark NASFAA's efforts to improve its communications during the period, it was the expansion of its web presence. Although some of its publications eventually appeared online, such as the *Journal* and *Transcript,* NASFAA had fully transitioned *Today's News* to the web early on.

The website evolved into two distinct parts: a member-only section and a public section. Even before staff had fully developed the public section, certain areas of the site remained open to the public. These areas generally contained government documents, offered a chance to promote the association's products and services, allowed open academic research of student aid issues, were considered good for public relations, or provided a public service.[70]

Expanding the website and improving usability involved an enormous technical effort and an upgrade of the association's computer resources. By November 2002, a Windows-based network had replaced the Novell-based operating system; all servers had been moved from multiple platforms to the newer Windows 2000; workstations had been converted to Windows Professional and the Office XP system; and the email and data systems had been upgraded and made more secure.[71]

Developing a full-fledged public website to serve the needs of students and parents became a significant challenge for the association. NASFAA sought to attract several sponsors rather than just one to avoid the appearance of favoritism or endorsement of a particular business.[72] Sponsors were required to accept several conditions, including NASFAA's total control of the site's content.

By the end of the five-year period, NASFAA had fully integrated its *Encyclopedia of Student Financial Aid* into its website. Although originally available only on paper, by 2001 the compendium existed in three forms: loose-leaf paper, CD-ROM, and electronic. NASFAA converted the *Encyclopedia* to a fully web-based product to speed up dissemination of updates and reduce expenses associated with producing and mailing CDs and paper updates.[73] Not all Board members felt comfortable with the move to a 100 percent web-based *Encyclopedia,* fearing that they would lose access if the website crashed, and pointing to reports of difficulties with its links.[74] The staff developed a new search engine that they felt would make using the electronic *Encyclopedia* quite similar to using the CD-ROM version.[75]

At its November 2005 meeting, the Board approved funding for an e-Solutions technology upgrade plan to improve the *Encyclopedia*.[76] Vice President for Planning and Development Timothy Christensen was appointed project director for e-Solutions, which was expected to occupy 70 percent of his time; Roland Zizer was named deputy project director; and an internal advisory group would be appointed to help oversee the project. NASFAA chose The Evans Group to perform the necessary development work.[77] Staff expected that the more effective search capability would also resolve problems members were experiencing with the website as reported to the Board by the Technology Committee in November 2003.[78]

LIAISON WITH OTHER ORGANIZATIONS

The significant growth of postsecondary student financial assistance in terms of programs, dollars, and complexity, prompted NASFAA to work closely with a large number of organizations, both public and private. These relationships pertained to increasing financial support for postsecondary students, partnering to conduct research and studies, providing training for organizations beyond NASFAA, and collaborating to promote access and choice. Although NASFAA had long been recognized as the foremost authority on student financial aid issues, as early as 2001 Dr. Martin warned the Board of increased competition from a variety of organizations, including the federal government.[79]

State and Federal Government Relations

Because federal student assistance, including tax benefits, constituted the overwhelming share of total student financial aid (94 percent in 2001-02 and 88 percent in 2005-06)[80] it stands to reason that NASFAA maintained its most extensive relations with Congress, the U.S. Department of Education, and other federal departments, agencies, and committees. While specific statutes, appropriations, and regulations can be found in the "Legislative and Regulatory Advocacy" section of this history, this section describes other interactions and relationships.

The Republican Party controlled both Houses of Congress during the five-year period covered by this history. Although NASFAA's officers and staff maintained strict non-partisanship in their dealings with Congress, there seemed to be an underlying sense that increases in federal student aid were more likely to occur when the Democrats were in the majority. The most significant issue of the period was the constant delay in reauthorization of the Higher Education Act of 1965, as amended (HEA). President Bill Clinton had signed the prior reauthorization legislation into law on October 7, 1998, making it subject to reauthorization again in 2003.[81] Continuing resolutions kept government programs, including federal student aid programs, functioning as partisanship on both sides of the aisle delayed legislation.

NASFAA staff spent an immense amount of time analyzing authorization and appropriation legislation introduced in Congress, then following their progress through the legislative process. Dr. Martin and the staff kept the Board apprised through frequent reports on what was happening on the Hill and how decisions made there would likely effect student financial aid. NASFAA staff often communicated with congressional staff by telephone, and responded to some legislation through formal testimony presented to congressional committees by the elected officers, the staff, or through written correspondence.

Congressional staff often communicated with Dr. Martin informally about NASFAA's proposals for amending the Higher Education Act of 1965.[82] The Reauthorization Task Force (RTF) had culled these proposals from the 106 recommendations received from the NASFAA membership. Of those proposed by the RTF, four recommendations were dropped, four were added, and 37 were modified. The Board could not reach agreement on the issue of illegal inducements in the Federal Family Educational Loan Program and returned the question to the RTF for further consideration. Some directors felt that the position advanced by the RTF was excessive, while others objected to the lack of distinction between those inducements that provided benefits to an educational institution and those that benefited an individual. The Board gave NASFAA's reauthorization proposals final approval at the July 2005 Board of Directors meeting, however they still had not reached agreement on the matters of illegal inducements or continuing to permit an education institution to function as a lender.[83]

Once the Board had approved NASFAA's reauthorization proposals, Dr. Martin called for the membership to generate grassroots support for them.[84] He asked the regional and state financial aid organizations to approach members of Congress in home district offices and at town meetings.[85] RTF maintained intense contact with the Hill, working tirelessly to keep the reauthorization proposals in front of congressional staff during the protracted process. Reauthorization was not the RTF's sole focus, however. The staff of the Senate's Committee on Health, Education, Labor and Pensions also turned to the RTF for help with the implementation of the Deficit Reduction Act of 2005.[86]

NASFAA's Research Committee had more indirect interactions with the Congress during the period. In 2002, the committee updated NASFAA's Congressional Resources Guide, which provided the latest data on student aid funding and recipients, and was intended for use by federal and state policy makers.[87]

Participants in NASFAA's annual Leadership Conference—an annual meeting designed to provide intensive preparation for NASFAA members who are in or aspire to association leadership positions—made Hill visits to interact with members of Congress and their staffs. These future leaders expressed the needs of their students, schools, and associations while learning about legislative advocacy through face–to-face contact with their congressional representatives.

Dr. Martin consistently provided the Board with valuable insight into the attitudes and views of Congress toward postsecondary institutions and student financial aid. For example, in July 2004 he told the Board about a strongly negative response to the input of several higher education associations, including NASFAA, on the College Access and Opportunity Act. The chairs of the House Committee on Education and the House Subcommittee on 21st Century Competitiveness had responded that the higher education organizations were out of touch with the expectations of students, parents, and taxpayers because they called for expenditures of billions of dollars with virtually no educational reforms. Following this response, the House committees sent a letter containing similar language to thousands of college presidents, referring to the higher education associations as "Washington lobbyists."[88] At the July 2005 Board meeting, a director asked Dr. Martin how much influence the higher education associations had on the outcome of reauthorization of the Higher Education Act of 1965. Dr. Martin replied that congressional attention to the association's views "had been uneven over the years."[89]

NASFAA's relationship with the U.S. Department of Education (ED) during the period might be described as "intense and constant" or "a love/hate relationship." Continuing a long-time practice, Jeff Baker, Department of Education Policy and former financial aid director at San Francisco State University, usually attended NASFAA's Board of Directors meetings, giving detailed reports of the Department's activities and responding to the directors' many questions. When Mr. Baker could not attend these meetings in person, he made himself available by conference call. Sometimes other ED staff accompanied him, including NASFAA Past Chairs Kay Jacks and Micki Roemer, and NASFAA Past President Mary Haldane. When it became necessary in 2001 to fill the position of U.S. Department of Education Assistant Secretary for Postsecondary Education, NASFAA dispatched a letter to the Senate supporting Ms. Sally Stroup's nomination for the post. ED later appointed Ms. Stroup to the position.[90]

ED also maintained a significant presence at NASFAA's annual National Conferences. ED staff typically addressed plenary sessions, conducted numerous program-specific update sessions and, through July 2003, consistently exhibited in NASFAA's exhibit hall. For example, at the 2002 National Conference, ED presented 16 sessions and the assistant secretary presented at a general session.[91] In 2004, although ED presented 33 of the 123 sessions offered at the National Conference, it did not exhibit.[92] Mr. Baker explained ED's choice not to exhibit in 2004 by telling the Board that it had cost ED over $20,000 to exhibit in 2003 and ED had not had sufficient input into the sessions they would present. NASFAA Executive Vice President Joan Crissman explained that ED had paid NASFAA the same rates as other exhibitors; ED's additional costs were to contractors for booth creation and set-up. She also countered that NASFAA had consulted ED's representative early in the process about its sessions.[93] ED exhibited in 2005, but did not exhibit in 2006 because it was concentrating on expanding its annual Electronic Access Conference. Mr. Baker told the Board that ED planned to change the name of that conference to reflect its broader and more extensive scope. Despite what some saw as competition between the two organizations and their conferences, Dr. Martin assured ED and the Board that NASFAA would "continue to reach out in a cooperative spirit."[94]

Although NASFAA and ED cooperated in several areas, they were at odds in others. At the July 2004 Board meeting, Dr. Martin told the directors that the three most significant regulatory issues he had been addressing with ED were resolving conflicting information, matters pertaining to student signatures, and the future of the experimental sites program.[95]

NASFAA and ED disagreed over plans to develop a coordinated calendar of events and training. Although Board members believed ED had committed to coordinate their training with NASFAA, ED had altered its software priorities and seemed to be working directly with institutions on improving its website. In November 2001, the Board directed that NASFAA send a letter to the Department complaining about its failure to follow through on the joint calendar effort.[96] As of the Board's May 2002 meeting, the association had received no response from ED and scheduling conflicts continued between the two organizations.[97]

Despite this apparent rivalry over training, in 2004 NASFAA's Training and Best Practices Committee had a productive conversation with Ms. Claire Roemer and other ED staff about common training matters.The NASFAA committee suggested a variety of topics that it hoped would be included in ED's training efforts, including verification of income tax data, which was considered an important part of the broader effort to ensure the accuracy of data submitted on federal student aid applications.[98] During NASFAA's 2005 Strategic Long-Range Planning Retreat, participants expressed concern over a lack of consistency in the presentations made by ED's regional training staff, possibly due to budgetary issues, retirement of long-time staff, and ongoing reorganization and reassignments at ED.[99] Some directors also expressed concern that regional conferences were being converted into training sessions. In 2005, budget constraints had resulted in the cancelation of ED regional trainer participation at many state and regional meetings.[100]

NASFAA and ED collaborated each year to update the Free Application for Federal Student Aid (FAFSA), a particularly critical activity in light of changes to the Federal Methodology used to determine eligibility for federal student assistance. This discussion sometimes included themes such as how applicants would file the FAFSA and what data should be subject to verification. Generally, NASFAA sought to keep the application as clear and simple as possible, with an emphasis on not intimidating applicants. ED also wished to keep the application as user-friendly as possible while still covering the information required by federal statutes and regulations.

In July 2003, the Board learned that ED had revised the state and local tables used in the Federal Methodology and planned to apply them in 2004-05. However, the tables used data from the 2000 tax year, when the economy was healthy and states were reducing taxes. Use of these tables would increase significantly the amount that families would be expected to pay for college; however, using the existing tables would add to the Federal Pell Grant shortfall. NASFAA planned to seek a delay in the use of the revised tables until reauthorization could modify the process for developing tax tables.[101]

In May 2004, ED reported to the NASFAA Board that the number of applications submitted had risen by 5 percent between 2002-03 and 2003-04, and applications for 2004-05 were already up by 4 percent over the prior year. Almost 75 percent of 2003-04 applications had been submitted electronically. For 2004-05, that percentage had already grown by 2 percent.[102] Some Board members expressed concerns that the popularity of electronic filing would cause ED to cease printing paper FAFSAs, excluding some students from the federal student aid application process. Mr. Baker assured the Board in November 2005 that while ED preferred that applicants file electronically, it did not intend to drop the paper application.[103] Mr. Baker informed NASFAA's Board of ED's plans to produce a pre-application to help reduce the complexity of the FAFSA application process, and invited the directors to provide their input, emphasizing ED's dedication to keeping the form.

Undoubtedly, the most contentious issue pertaining to the FAFSA was the expectation that financial aid administrators would verify tax data submitted by FAFSA applicants. At NASFAA's May 2005 Board meeting, Mr. Baker brought word that Congress had failed to pass federal legislation that would have permitted an ED/IRS match of the data collected on the FAFSA. As a result, financial aid offices remained responsible for verifying the tax data. ED, he added, did not intend to alter its guidance on how this verification should take place. One director responded that the verification requirement cast the financial aid office into the role of an enforcement agency of the government and was contrary to its goal of assisting students. Another felt the requirement could create a legal liability for aid administrators and their institutions for giving incorrect information.[104]

NASFAA cooperated with the U.S. Department of Education's Advisory Committee on Student Financial Assistance to identify ways to simplify the delivery of student financial aid as part of reauthorization. The College Board was also a party to that endeavor.[105]

NASFAA also worked with federal agencies beyond ED, such as the Department of Health and Human Services, National Institutes of Health, the Indian Health Service, and Veteran's Affairs. In 2004, the association interacted with the United States Department of Labor over the issue of whether financial aid counselors were exempt professionals or non-exempt employees. New Department of Labor regulation treated admissions and financial aid counselors as non-exempt employees, making them eligible for overtime pay but ineligible for other benefits. NASFAA countered that advisors who exercised professional judgment were entitled to exempt professional status.[106] Ultimately, the Department of Labor sustained NASFAA's position on the issue.[107]

NASFAA also came in contact with the Federal Trade Commission (FTC) in May 2003, when NASFAA joined the National Association of College and University Business Officers (NACUBO) and several other education associations to present higher education's position on how FTC rules pertained to the Family Education Privacy Act of 1974 (FERPA). FTC rules required that institutions have compliance officers and procedures in effect to guarantee the security of their student records.[108]

NASFAA's government relations efforts reached beyond the national level. In the face of financial challenges to its Standards of Excellence Review Program (SOE), NASFAA contracted with the states of North Carolina and Kentucky to subsidize SOE reviews for their state institutions.[109] NASFAA staff also made a presentation to the National Governors' Conference on research related to merit scholarships in 2002, [110] and cooperated with the Western Interstate Commission for Higher Education on an affirmative action project.[111]

State and Regional Financial Aid Associations

NASFAA's leadership continued to take advantage of the Interregional Visitation Program to maintain effective communication with the regions. This program, first authorized in 1996 and made operational in 1998, enabled designated NASFAA directors to attend the annual conferences or Board meetings of the regional organizations and in turn permitted some observers from the regions to attend meetings of the Board of Directors. National Chair-Elect David Myette saw the program as an opportunity to "expand the leadership role of Board members and increase NASFAA's visibility in the regions."[112] At the November 2001 Board meeting, National Chair-Elect Charles Bruce announced that 16 visits would take place in 2001-02.[113] NASFAA would pay travel expenses for four representatives-at-large and six regional presidents, and regional associations would pay for travel for their six presidents. The regions were expected to pay for conference registrations for these Board members, whom National Chair Cruzita Lucero referred to as "NASFAA ambassadors." She described their role as being visible, networking, and sharing information.[114]

In May of 2004, National Chair George Chin received the approval of the Board to restructure the visitation program to facilitate regional conference planning. Under Mr. Chin's plan, the chairs-elect scheduled the visits of the Board's regional and at-large representatives during the year before they occurred.[115]

The representatives at large developed a mechanism for sharing with the Board what they learned on their visits by combining the concerns and issues they noted into a single document for consideration by both the Board and staff.[116] One of these reports stirred a lively discussion at the May 2006 Board meeting about the association's ability to respond to what was termed "the information race." Several directors expressed the view that the organization was not providing timely information on current issues. They specifically mentioned the Higher Education Reconciliation Act of 2005, which had become law the previous February. The report asserted that some members were turning to organizations other than NASFAA for their student financial aid information. One director admitted to being embarrassed for having to do so, while another called the association "less nimble" in keeping members up to date on important developments. The question seemed to be whether NASFAA, which had a reputation for accuracy and completeness, should publicize information quickly that it might later need to correct or even withdraw, or should take the time to develop considered releases that may not be as immediate. Dr. Martin agreed that NASFAA might need to release its guidance earlier, basing it on what is known at the time of release and acknowledging that not all questions might be answered.[117]

Presidential Associations

The most influential of the presidential associations during the period was the American Council on Education (ACE). In 2001, Rep. Howard "Buck" McKeon, Chairman of the Subcommittee on Higher Education, Lifelong Learning, and Competitiveness, announced FED. UP, an initiative calling for ideas from the higher education community on ways to reduce administrative burden on postsecondary institutions. NASFAA joined with ACE and a number of other education associations to develop and submit 21 pages of recommendations that, if adopted, would ease some of the burden of administering federal student aid.[118]

Following the Supreme Court's 2003 decision in the University of Michigan case, Dr. Martin again looked to ACE for assistance, asking ACE Legal Counsel Sheldon Steinbach for advice on affirmative action.[119] Mr. Steinbach gathered a group of attorneys to assist colleges and universities in adopting policies pertaining to affirmative action in admissions and student financial aid, and ACE planned meetings with groups of institutional presidents to consider how to deal with the Supreme Court's landmark decision. NASFAA also helped to prepare a 2003 ACE publication on how to pay for college.[120]

NASFAA maintained strong, positive ties with other presidential associations as well. For example, representatives of several of the presidential associations and other educational associations, including NASFAA, collaborated in 2002 to question the practicality of a provision in a bill introduced by Senators Burt Bayh and John McCain. The proposal sought to increase the community service component of Federal Work Study from 7 percent to 25 percent, adding between 250,000 and 300,000 students to the program; however, even ED and Hill staffers doubted that the provision would be adopted.[121]

On occasion, NASFAA found itself at odds with a presidential association. In 2003, the American Association of State Colleges and Universities (AASCU), State PIRG's Higher Education Projects, and the United States Student Association (USSA) opposed any increase in the aggregate undergraduate borrowing limits, which placed them at odds with NASFAA's reauthorization proposals.[122] In addition, when the presidential associations issued their own instructions on how institutions should deal with the aftermath of Hurricane Katrina in 2005, Dr. Martin cautioned NASFAA members that Title IV participating institution are accountable to the federal government and must heed ED's instructions. NASFAA publicized ED's guidance in a special Katrina section of the NASFAA website.[123]

Other Higher Education Associations

NASFAA sustained a lengthy, collegial relationship with numerous educational associations. In particular, NASFAA shared interests with the College Board on issues such as expanding access and financial aid based on need.

NASFAA and the College Board joined forces in 2001 and 2002 to sponsor financial aid workshops for Upward Bound students in the Washington, D.C. area.[124] In 2001, the two groups also collaborated to complete the useful periodic Survey of Undergraduate Financial Aid Policies, Practices and Procedures (SUFAPPP).[125] Articles on their findings appeared in both NASFAA's *Journal of Student Financial Aid* and *Student Aid Transcript* magazine. The latter article also provided data on the salaries of financial aid administrators. In 2004, NASFAA's Committee on Access and Diversity collaborated with the College Board in developing the means to take into account race in admissions and financial aid practices, and development of a common data set guide.[126&127]

NASFAA also maintained a long and productive relationship with the National Council of Higher Education Loan Programs (NCHELP) and the National Association of College and University Business Officers (NACUBO). NASFAA joined NCHELP in its Meteor Project efforts in 2001 with the goal of making it possible for a person seeking financial aid information on the Internet to go to one site rather than many.[128] NCHELP, NASFAA, and the Institute for Higher Education Policy (IHEP) partnered in 2002 to investigate the causes of the marked escalation in the use of private or alternative loans early in the 2000s.[129] NASFAA and NCHELP collaborated in 2006 to prevent an increase in student loan interest rates.[130]

As concern grew over inducements offered by some members of the student loan industry, Dr. Martin convened a task force composed of representatives from NACUBO, the Student Loan Marketing Association (SLMA), the Consumer Bankers Association (CBA), the Educational Finance Council (EFC), and the American Bankers Association (ABA) to examine how to deal with inducements and other questionable lender practices.[131] Recommendations produced by this task force, as well as the Board of Director's reactions, appear later in this history.

In its efforts to increase federal student aid appropriations, or at least avoid reductions, NASFAA turned to organizations in which it had long assumed a leadership role and provided financial support: The Student Aid Alliance and the Committee for Education Funding. Rather than carrying on traditional lobbying efforts, the three groups concentrated on expressing gratitude to the Congress for its support.[132]

Organizations

Contact with other organizations can be grouped into four categories: outreach and access, training, technology and research. Research will be addressed in a separate section later in this history.

Outreach and Access

In 2001, NASFAA and USA Funds collaborated on "Unlocking Your Future," a project designed to help middle school guidance counselors help their students to develop future career goals and select academic programs that would further their objectives.[133]

In the same year, NASFAA wrote to the Lumina Foundation for Education endorsing College Goal Sunday (CGS) while at the same time calling on state financial aid associations to participate in the activity.[134] CGS engaged volunteers in helping students and their parents to complete the FAFSA. Representatives of Lumina met with NASFAA's Board of Directors in November 2003 and asked if the organization would accept a planning grant to develop a proposal for the administration of the program starting in 2005.[135]

The Indiana Financial Aid Association originally established CGS in 1989 with a grant from the Lilly Foundation. Lumina Foundation for Education had subsequently assumed direction of the program and provided $3.5 million in financial support, scheduled to end in 2004. Lumina Foundation typically offered planning grants of $7,500 a year to state associations considering participation in CGS. In 2004, NASFAA offered to assume management of CGS for three years, and on April 27, 2004, the Lumina Board approved spending $3.5 million to continue the program and granted NASFAA $630,000 per year to administer the program for three years.[136] The contract provided funds to hire a full-time director, and within three months NASFAA had begun developing a CGS website and had selected Marcia Weiss to lead the program.

NASFAA also promoted college access outreach as a member of the Pathways to College Network. Pathways was established in 2001 to advance "college access and success for underserved students by getting research-based knowledge on effective policies and practices into the right hands."[137] Its sponsors included The Education Resources Network (TERI), the College Board, Lumina Foundation, Sallie Mae, and the U.S. Department of Education. In autumn 2004, NASFAA joined the network based recommendations from its Access and Diversity Committee, which had met with Pathways coordinator Dr. Ann Coles to discuss the program's goals and objectives. The Board approved a $25,000 contribution from the development fund to support the College Access Marketing Tool Box, which was an integral part of the Pathways to College project. Dr. Martin told the Board that the investment would establish the organization's leadership in the Pathways effort.[138] The toolbox would gather the best ideas, materials, strategies, and resources available to promote the enrollment and success of low-income and minority students. By employing social marketing techniques, Pathways would strengthen communications with the public and the media about preparing for, affording, enrolling in, and completing postsecondary education.[139]

The following year, the Sallie Mae Fund approached NASFAA about partnering on its bus tour to promote college attendance in the Latino community. However, some Board members felt that Sallie Mae had not consulted the financial aid community on the activity and believed that a partnership could be viewed as an endorsement of Sallie Mae's products. A motion to partner on the bus project was defeated at the November 2005 Board meeting, with all votes cast in the negative except one abstention.[140]

Training.

NASFAA's ability to provide training brought it into contact with several organizations. For example, NASFAA received a subcontract from the Research Triangle Institute to train data collectors for the National Postsecondary Student Aid Study.[141] The United Negro College Fund (UNCF), with support from a $300,000 grant from the Lumina Foundation, signed an agreement with NASFAA for 20 Standards of Excellence reviews of UNCF-member institutions over three years.[142]

Technology.

NASFAA's Technology Initiatives Committee responded to worldwide growth in information technology and Internet usage by working closely with organizations that specialize in those areas, including the Electronic Authentication Partnership and the Postsecondary Electronic Standards Council (PESC). NASFAA's representative on PESC kept the association apprised of the council's efforts.[143]

PROFESSIONAL DEVELOPMENT

NASFAA focused its professional development activities in five committee areas: training, research, multicultural concerns and initiatives, conferences, and awards.

NASFAA staff members Ellen Blackmun and Chris McInnis prepare to demonstrate Learnstudentaid.org at the NASFAA Conference.

Training

Learnstudentaid.org

NASFAA took advantage of a growing trend in education, "learning anytime, anywhere," to add web-based training to its core training opportunities for members. Learnstudentaid.org provided basic, online training that supported NASFAA's existing training programs: fall and spring training workshops, Best Practices Symposia, and CORE training workshops.

In 1999, NASFAA won a three-year Learning Anywhere Anytime partnership grant from the Department of Education's Fund for the Improvement of Higher Education to develop a standardized, web-based training program for student aid personnel. The grant required financial matching and a partnership among organizations. NASFAA led the project, the Texas Guaranteed Student Loan Corp. provided technological support, and the University of North Carolina at Wilmington was responsible for quality control and distance learning support. CORE modules formed the educational foundation for the new program.

NASFAA beta-tested the first module of Learnstudentaid.org in November 2001 by comparing the results of training under the new program with in-person training conducted at the Southwestern Association of Student Financial Aid boot camp. Dr. Martin reported to the Board in May 2002 about the grant's cost-sharing requirements and NASFAA's efforts to find significant sponsor support for the program. Extensive testing began on the NASFAA website in fall 2002 with two modules: Overview of the Student Aid Programs and Cost of Attendance.[146] In 2004, the Finance Committee approved the use of 2003 excess income over expenses toward meeting the project's matching requirements.[147]

Registration for Learnstudentaid.org launched at the July 2004 NASFAA Conference in Minneapolis,[148] and classes began in September 2004. Initial participation appeared promising, but registrations had slowed by spring 2006. To counter this trend, NASFAA began working on revised materials, to be released in autumn 2006, that would target more senior personnel by focusing beyond basic training. Staff also identified ways to expedite modular development and planned modules on perennial hot topics, such as the verification module scheduled for late fall, to recapture member interest. [149]

NASFAA Fall Training Workshop

Fall and Spring Training

As the period of this history began in 2001, fall and spring in-person training workshops remained NASFAA's most prominent training program. NASFAA conducted centralized training, or provided training materials to states and regions for decentralized training. Each year, the Training Committee selected topics for recommendation to the staff. NASFAA staff notified the states and regions of the topics and timeframe for the training, then offered the choice of the centralized and decentralized options. Staff conducted training for trainers in Washington D.C, except for the training immediately following the September 11, 2001, terrorist attacks, which took place by conference call. Any workshop materials remaining after the series could be purchased online. Below is a summary of Fall Training topics and participation during the period:[150]

Fall Training Workshop Theme	Year	No. of Workshops	Approx. Number of Participants
Policies and Procedures	2001	68	3,250
Treatment of Resources and Packaging Considerations	2002	68	2,700
Student Eligibility Issues	2003	71	3,900
Student Loan Issues	2004	70	No data
Administrative Capability: Campus-Wide Compliance	2005	75	3,200

Spring Training workshops occurred in 2002 and 2003. The 2002 training offered several modules that states and regions could use in their conferences, including: cash management, verification, privacy of student information (FERPA), and program participation agreements.[151] Spring Training 2003 addressed, "When Title IV is Not Enough, Community Service Requirements (FWS), and Consortium Agreements."[152]

The Training Committee asked the Board at its July 2003 meeting to consider offering Spring Training only when a specific need arose, allowing NASFAA to focus its resources on developing web-based training.[153] Executive Vice President Joan Crissman stated that in future the Training Committee would have the primarily responsibility for determining when Spring Training was necessary, and would endeavor to give as much advance notice as possible when it occurred. Spring Training began at the end of the Department of Education's contract with NASFAA, and while its costs had met its expenses in the first year, 2002, that was not the case for 2003 as many colleges and universities chose to participate instead in ED's spring training.[154]

In Search of Best Practices
a NASFAA Symposium

In Search of Best Practices Symposia

In 2002, NASFAA introduced "In Search of Best Practices: A NASFAA Symposium." Best Practices offered three sessions nationwide each spring, offering advanced-level concepts presented by renowned subject-area experts to meet the needs of experienced financial aid administrators.[155] Planning of the symposia originated with an ad hoc task force that selected enrollment management, legal issues, and e-commerce customer service for the inaugural 2002 series.[156]

The 2002 series became the testing ground for these symposia: if members responded well to the 2002 workshops, NASFAA would continue the training in future years. More than 150 financial aid professionals attended the symposium, which received very high participant reviews.[157] The Board voted at its July 2002 meeting to continue the series and designated the Best Practices Task Force to oversee the activity. The initial source of support for the symposia came from the project development fund with the understanding that NASFAA would evaluate the program to determine if it should be moved to the operating budget.[158] The table below lists In Search of Best Practices topics and levels of participation during the period:[159]

Symposium Topics	Year	Approx. Number of Participants
Enrollment Management, Legal Issues, E-Commerce Customer Service	2002	150
Financial Aid Office Organization and Structure, Project and Research Management, and Management & Legal issues Pertaining to Staff Treatment and Disclosures	2003	150
Students Speak: How to Speak Their Language, the Data-Driven Financial Aid Office, and Promoting the Financial Aid Office	2004	170
Scholarship Management, Motivating Financial Aid Office Staff, Student and Consumer Finance	2005	150
Satisfactory Academic Progress: Politics and Issues Beyond the Regulatory and Statutory Requirements	2006	240

The Best Practices Task Force recommended to the Board at its May 2003 meeting that NASFAA should offer the training every year, scheduled such that a workshop would occur at least biannually in each region, occur at three sites annually, and receive sponsorship support.[160] Stable series participation and sponsorship that assured an excess of income over expenses prompted National Chair George Chin to move responsibility for the Best Practices Symposium from the ad hoc task force to the Training Committee starting in 2004-05.

CORE

Of all of NASFAA's training activities and tools, CORE was the most extensive. Designed as a comprehensive resource for trainers of new aid administrators, CORE comprised thirteen modules as of November 2002, encompassing virtually all aspects of student financial aid administration and delivery.[161] Modules featured topics such as the application process, need analysis, verification of applicant data, return of Title IV funds to the government, institutional reporting, and cash management. CORE included everything needed to deliver training, including an instructor's guide, participant handouts, and PowerPoint materials.

When the AGMC conducted an evaluation of the association's products and services in 2002, CORE rated a "3"—the highest rating possible on its "Elimination Impact Rating" scale—marking CORE as of fundamental value to the organization. Updating CORE required significant time and expense each year, however, draining resources from other projects.[162] Financing alternatives for CORE included seeking support from the state and regional associations or seeking sponsors. State and regional associations wished to continue to use CORE without cost, but this raised questions about sharing a NASFAA member benefit with non-members in the states and regions. In light of the lack of financial support for CORE offered by state and regional associations, NASFAA's Board voted in November 2002 to establish fees for CORE and to include them in the association's 2003-04 operating budget. State and regional associations would be assessed a base fee of $600 for the CORE CD, which would permit training of 60 persons. NASFAA would charge $10 per person for training in excess of 60.[163] These fees failed to eliminate the CORE deficit, however, as expenses continued to surpass income in 2004.[164] When NASFAA instituted its new membership dues structure in July 2005, it built a subscription to CORE into the Value Plus-level membership benefits.[165]

Other Training Activities

NASFAA also produced training for more limited audiences during the period. For example, in 2002 NASFAA developed its auditor training to instruct auditors who would examine various financial aid functions. Auditor training took place in person, although some trainees also expressed an interest in web-based training. NASFAA exhibited at a meeting of the Association of College and University Auditors in Salt Lake City in September 2002, and in the following month 57 participants gathered in Kansas City for a one-day auditors' training. Positive evaluation of the training prompted a decision to continue the activity in the future.[166]

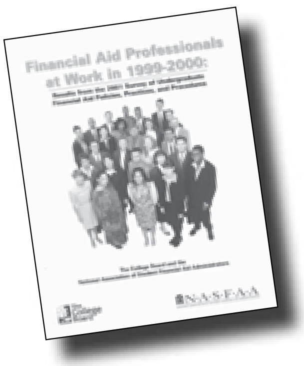
NASFAA committees occasionally presented training workshops immediately prior to the National Conference. For example, the Graduate/Professional Issues Committee presented a 2005 preconference workshop on developing financial strategies for students who were transitioning to graduate school from undergraduate studies.[167]

Dr. Martin informed the Board of Directors in May 2006 that NASFAA and NCHELP had entered into conversations with the Department of Education about collaborating to conduct a free webinar on June 15, 2006. The training would deal with the newly authorized Academic Competitiveness Grants and National Science and Mathematics Access to Retain Talent (SMART) Grants and student loan issues. The American Association of College and University Registrars and Admissions Officers had conducted an earlier webinar on SMART Grants. Although some Board members reported the AACRAO webinar to be incomplete, others pointed to it as further evidence that NASFAA had become slow in releasing needed information.[168]

Research

NASFAA's Research Committee conducted much of the association's research work, earning the title "Committee of the Year" in 2004.[169] The committee's main role was to identify and prioritize NASFAA's research agenda, and it often invited researchers working on financial aid-related issues to attend its meetings. During the five-year period, the committee also conducted two major reoccurring surveys, performed ad hoc research, chose recipients for the Sponsored Research Grants Program, developed a national profile of federal student aid programs, oversaw the environmental scan, updated the annotated bibliography, developed a primer on the federal budget process, made annual nominations for the Robert P. Huff Golden Quill Award, and took on management of NASFAA's monograph series.

Director of Research and Policy Analysis Kenneth Redd played a significant role in all of the association's research activities. He both promoted and participated in multiple research efforts, and his expertise enhanced the effectiveness of the association's research agenda. He also cultivated connections with many of the individuals and organizations involved in higher education research, providing NASFAA with a wide network of resources for information.



SUFAPPP and SOGAPPP

NASFAA performed two extensive research surveys during the period: the Survey of Undergraduate Student Financial Aid Policies, Practices and Procedures (SUFAPPP) and the Survey of Graduate Aid Policies, Practices and Procedures (SOGAPPP). Planning for SUFAPPP 2001—a joint project between NASFAA and the College Board—began in spring 2001. Both organizations sent the survey to their members via email, and NASFAA posted it on its website in November 2001. The response rate was approximately 30 percent, or 758 out of 2,552 institutions, following a necessary extension of the submission deadline to February 28, 2002. Despite this relatively low return, statistical tests established that the responding institutions were typical of the universe of institutions who received the survey.[170] NASFAA's *Today's News, Journal of Student Financial Aid* and *Student Aid Transcript* carried information about the findings of the study.[171]

NASFAA initiated the SOGAPPP in 2003 with assistance from the Access Group and Peterson's. NASFAA sent the survey instrument to institutions with graduate and professional programs in August 2002 with a return date of November 21, 2002. A final report of the study was released at the July 2004 National Conference.[172]

Sponsored Research Grants

Starting in 1996, the Lumina Foundation for Education provided the financial support necessary for the Sponsored Research Grant program to award research grants, typically between $400 and $4,000, to cover certain costs for individuals conducting research at nonprofit institutions.[173] In November 2004, NASFAA received the second of three grants of $25,000 per year from the Lumina Foundation for Education.[174]

Congressional Resources Guide

In fall 2001, the Research Committee began an update of the Congressional Resources Guide, which provided summary data for state and federal student aid programs on NASFAA's website to assist with upcoming reauthorization efforts.[175&176] The committee completed "A Primer on the Federal Budget Process" in 2005, which NASFAA also posted on its website. The primer generated some controversy when several organizations interpreted its discussion of "scoring" as supporting the position that FFEL was less expensive to the federal government that Direct Loans. Both Dr. Martin and the chair of the Research Committee insisted that the primer took no such position on that divisive issue.[177]

Additional Research Committee Activities

The Research Committee accomplished a host of other achievements during the period. The committee updated NASFAA's Environmental Scan and examined the results of a membership survey in 2004, both of which would be used to support the upcoming Strategic Long-Range Plan. It also updated the *Annotated Bibliography of Student Financial Aid* in winter 2004 and, in 2005, authorized outsourcing of the upcoming revision of the staffing model.

NASFAA Monographs: NASFAA Monographs fell within the purview of the NASFAA's Training Committee until May 2006, when the Board shifted these responsibilities to the Research Committee. In November 2001, the Board tasked the Training Committee with reviewing all of the NASFAA monographs published to date and making revisions where appropriate.[178] As this review proceeded in 2003, the committee decided to update Monograph 14, which dealt with satisfactory academic progress, to make it more useful.[179] The final monograph of the five-year period, "Completing the Common Data Set: A Guide for Financial Aid Professionals," was released by the Research Committee in May 2006.[180]

Collaborative Research Efforts

NASFAA often collaborated with other organizations to achieve mutual goals. For example, NASFAA initiated an update of the SOGAPPP in 2003 with a $35,000 grant from the Access Group, while Peterson's supplied web access to the study.[181] Both NASFAA and NCHELP assisted the Higher Education Research Institute in its study of alternative or private student loans in 2003, when the number of borrowers and volume of these loans was rapidly increasing.[182] NASFAA also contracted with the Center for Higher Education Support Services in 2003 to perform data gathering an analysis for the update of the association's always-anticipated salary prediction model.[183] Nelnet, a student lender, awarded NASFAA a $50,000 grant in 2004 to study student access.[184]

Lumina Foundation also extended support to some of NASFAA's research efforts beyond the Sponsored Research Grants. In 2002, the foundation invited NASFAA to join in a study to identify ways to attract low-income students to private institutions. Lumina also awarded NASFAA a $45,000 grant in 2004 to support the association's research on the effect of existing need analysis procedures on emancipated students.[185]

Multicultural Concerns and Initiatives

National Chair Cruzita Lucero announced as she assumed office in July 2001 that one of her goals for the year would be to improve the representation of minorities and achieve diversity on NASFAA's committees.[186] She felt there was a shortage of individuals from certain regions volunteering for the association's committees, which had hampered her efforts to achieve balance and diversity in her appointments. Within four years, in 2004-05, minority participation had increased in NASFAA committees.[187] Ms. Lucero also sought during her term of office to strengthen ties between institutional financial aid office staff and TRIO personnel, who had substantial contact with minority students.[188]

The Diversity and Multicultural Initiatives Committee (DMCI) remained the focal point for the organization's minority activities during the period. DMCI's two main annual initiatives continued to be the Carnival of Learning and the Minority Leadership Breakfast, which both took place at the National Conference site immediately preceding the conference. The Carnival promoted interest in and access to postsecondary education mainly among ethnic minority and low-income students. DMCI designed the breakfast to encourage connections between new and experienced minority financial aid administrators and featured a motivational speaker and roundtable discussions.[189]

The DMCI, which 2004 National Chair later replaced with the Leadership and Professional Development Committee and the Access and Diversity Committee, also focused on a host of other efforts surrounding recruitment and advancement of minority financial aid administrators and promoting college enrollment and program persistence and completion for minority students. For example, the committee joined with the College Board in November 2001 and March 2002 to conduct workshops for Upward Bound students from high schools in Washington, D.C.[190] DMCI was also concerned with the particular needs of students with disabilities, targeting both a 2002 conference session and a *Student Aid Transcript* issue to these students' concerns.[191]

In November 2002, DMCI brought to the attention of the Board of Directors the critical need to provide minorities and underserved groups with financial awareness materials.[192] Two DMCI members presented a session on diversity at the 2003 NASFAA Leadership Conference.[193] Following a meeting in the fall 2004 with Dr. Ann Coles, who was coordinating the Pathways to College Network, the Access and Diversity Committee recommended to the Board of Directors that NASFAA join the network.[194] The committee subsequently collaborated in the activities of Pathways and the College Access Marketing Toolbox.[195]

A 2003 AGMC appraisal of the effectiveness of several NASFAA products and services raised questions about the value of the Carnival of Learning.[196] The AGMC proposed that the Access and Diversity Committee examine alternatives that provide "broader and more lasting results." National Chair-Elect David Myette, noting that the organization was spending around $15,000 on the event, urged that NASFAA seek a more productive activity. At the November 2003 Board meeting, it was reported that the Carnival would be continued for another year but with certain changes. For example, the Carnival would emphasize educational activities and the committee would invite and involve parents.[197] NASFAA did not hold the Carnival in 2005 because the National Conference took place over the Fourth of July weekend that year.

A noteworthy change also took place in the Minority Leadership Breakfast in 2004. Instead of the breakfast that year, NASFAA hosted structured roundtable discussions with questions prepared in advance. The breakfast returned during the 2005 National Conference.[198]

Without doubt, the most significant modification in how NASFAA addressed diversity issues came when National Chair-Elect George Chin announced to the Board of Directors the committee structure for his period of office. Mr. Chin stated that the DMCI would not be continued, but instead the Access and Diversity Committee would be responsible for student diversity while professional diversity would fall within the purview of the Leadership Development and Professional Advancement Committee.[199] The Board did not greet his decision with immediate and complete acceptance. Some directors expressed regret that the decision had not been announced earlier and more broadly. Mr. Chin explained that he had made this choice because very different interpretations of diversity had emerged, taking into account age, gender, disability, sexual orientation, etc. Mr. Christensen commented that discussions with members of the minority community revealed that their concerns were over racial and ethnic differences and the opportunities and visibility available to that segment. After a long and thorough discussion, the Board of Directors voted unanimously to support Mr. Chin's action. He subsequently shared with the Board a letter to the membership, which also appeared in *Today's News,* in which he explained the reasons for his decision.[200]

Conferences and Awards

National Conference

NASFAA regularly conducted two major conferences during the course of a year: The National Conference and the Leadership Conference. The larger of the two, the National Conference, took place each July and rotated among NASFAA's six regions.

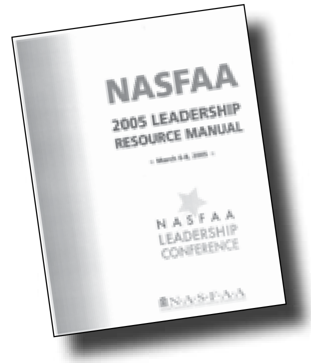
NASFAA booth at the 2002 National Conference in New Orleans

National Conference. Each national conference during the period shared similar features: general sessions, focused interest sessions, an exhibit hall for vendors to discuss their products and services with members, awards recognizing outstanding achievements in the student aid community, and opportunities to network and share ideas with other members. The location of the event, as well as the political and social climates of the period when it occurred, gave each of these National Conference a different character. The chart below shows the titles, locations, dates, number of attendees, and number of interest sessions.[201]

Conference Title and Location	Dates	Number of Attendees	Total Number of Interest Sessions
"Putting Students 'Two Steps' Ahead" Nashville, TN	July 22-25, 2001	3,029	118
"Jazzing It Up in the Big Easy" New Orleans, LA	July 21-24, 2002	3,127	92
"Reconnecting with Students" Salt Lake City, UT	July 9-12, 2003	2,655	No data
"Helping Students Make It After All," Minneapolis, MN	July 18-21, 2004	2,955	93
"Honoring America's Promise: Opportunity through Education," New York, NY	July 3-6, 2005	3,123	115

The Salt Lake City conference, which attracted the lowest number of attendees, fell $200,000 below its target revenue.[202] However, two years later, the 2005 conference in New York City more than doubled its predicted net revenue of $500,000, yielding a net revenue of more than $1.1 million.[203&204] A strongly debated $2,200 increase to the exhibitor fee contributed to this gain. The Board had split its vote on the issue and only passed it after National Chair David Myette voted in favor of the increase.[205]

The Board considered a motion at its November 2005 meeting to drop the existing policy of rotating the National Conference site among the six regions, allowing flexibility that could decrease expenses and reduce the need to raise dues or make other changes. The smallest regions, RMASFAA and SWASFAA, which had few sites able to accommodate a National Conference, voiced concern that they would lose the opportunity to host the event, however the intent was to continue with the rotation except in cases where flexibility would provide significant benefits. After discussion and the failure of votes, and the Board adopted the original proposal, although several directors believed that the flexibility already existed to deviate from a strict conference rotation.[206]



National Leadership Conference

The Leadership Development and Professional Advancement Committee (LDPA) worked closely with NASFAA staff to manage the National Leadership Conference each year. The primary purpose of the activity was to identify and prepare individuals in the state and regional associations of financial aid administrators to assume positions of leadership. NASFAA asked the presidents of the state and regional associations to nominate one or two financial aid administrators for conference participation, typically at the expense of the sponsoring association. NASFAA assumed the considerable cost of staging the event.

NASFAA Leadership Conference: 2002-2006*

Location	Dates	Attendance
Arlington, VA	March 3-5, 2002	78
Arlington, VA	March 2-4, 2003	62
Washington, DC	March 7-9, 2004	102
Washington, DC	March 6-8, 2005	85
Washington, DC	March 4-6, 2006	85

*Leadership Conference locations, dates, and attendance information is found in the *NASFAA Fact Book, 2006-2007*.

The Leadership Conference agenda generally offered training and emphasized themes such as ethics; legal, financial, and management issues; diversity; professional development; financial management; and advocacy. One of the most valuable aspects of the conference, according to evaluation forms submitted after the 2005 event, was the opportunity for networking.[207] Many participants also enjoyed visiting the NASFAA office and meeting staff during the Leadership Conference reception. Another benefit of these conferences was the participants' ability to visit with congressional staff from their state or region to put into practice advocacy guidance learned during the event. The event was considered so worthwhile that, despite taking a financial loss in 2004 with the period's highest level of participation, NASFAA continued to hold the conferences.[208] While planning the 2004 conference, the LDPAC announced its desire that state and regional associations nominate more minority financial aid administrators to prepare them for leadership roles.[209]

The National Forum on Educational Loans

With growing concern over the affordability of postsecondary education, it seemed inevitable that NASFAA should take a leadership role on this important issue. The Board of Directors unanimously approved the expenditure of $21,534 at its November 2005 meeting to conduct a forum for financial aid administrators on the "long-term financing of a college education."[210] The forum, scheduled for February 2006 in St Louis, Missouri, became known as the "National Forum on Educational Loans," although educational financing was its broader theme. Seventy-four financial aid administrators attended the forum held February 20-22.[211] Using a combination of presentations and small group discussions, participants sought to define the important elements of a long-term financing plan for students. Presentations dealt significantly with the cost of education and the characteristics and habits of student borrowers, and NASFAA planned an interest session on the findings of the forum for the 2006 National Conference.

Awards

NASFAA honored individuals and groups each year with awards for outstanding contributions in the student aid profession.

The highest award that the association conferred on individuals affiliated with a member institution was the Lifetime Membership Award, which recognizes truly outstanding and significant achievements by an individual over a long period.

The Distinguished Service Award required that a recipient have made "outstanding contributions in the furtherance of NASFAA's goals" over a long period, or as part of an event of "momentous importance." The honoree need not be a member of NASFAA. Meritorious Achievement Awards honored individuals who made one or more important contributions to NASFAA or to the financial aid profession. The national chair awards the Statement of Appreciation to recognize and thank an individual for his or her service to NASFAA and the financial aid profession. NASFAA presents the Robert P. Huff Golden Quill Award, established in 1984, to one or more individuals who have contributed to financial aid literature. Individuals honored with these awards during the period included:

Lifetime Membership

2003	Richard Tombaugh	First NASFAA Executive Secretary
	Kenneth L. Wooten	Former Dean of Admissions and Registrar, University of Mississippi
2004	Lola Finch	Former Director of the Office of Student Assistance, Washington State University

Distinguished Service

2001	Rachael Lohman	NASFAA National Chair, 2000-01
	Stanley Ikenberry	President, American Council on Education
	Arnold Mitchell	President, Council for Educational Opportunity Programs
	David Obey	U.S. Representative from Wisconsin's 7th District
2002	Cruzita Lucero	NASFAA National Chair, 2001-02
2003	Tom Harkin	U.S. Senator from Iowa
	Howard "Buck" McKeon	U.S. Representative from California's 25th District
	Charles Bruce	NASFAA National Chair, 2002-03
2004	David Myette	NASFAA National Chair, 2003-04
	Jerry Davis	President, Lumina Foundation for Education
	Dale Kildee	U. S. Representative from Michigan's 9th District
2005	George Chin	NASFAA National Chair, 2004-05
	Jim Jeffords	U.S. Senator from Vermont

Meritorious Achievement

2002	Paul Phillips	Director of Financial Aid, University of the Pacific
2004	Joe Paul Case	Dean of Financial Aid, Amherst College
	Ed Miller	Director of Financial Aid and Scholarships, University of South Carolina

Congressman Howard "Buck" McKeon (r) receives the Distinguished Service Award from Dr. Dallas Martin.

Statement of Appreciation

2002	Greg Woods	Chief Operating Officer, Student Financial Assistance Programs, Department of Education

Robert P. Huff Golden Quill Award

2001	Donald E. Heller	Assistant Professor of Education, University of Michigan Center for the Study of Higher and Postsecondary Education
2002	Jamie P. Merisotis	Founder of the Institute for Higher Education Policy
2003	Jacqueline King	Director of the Center for Policy Analysis, American Council on Education
2004	Institute for Higher Education Policy	Honored for its publication "Private Loans and Choice in Financing Higher Education"
2005	Alexander W. Astin	Founder of the Higher Education Research Institute
	Kenneth Redd	Director of Research, NASFAA

State and regional associations select the six recipients of NASFAA's State and Regional Leadership Award. Recipients need not be financial aid administrators, but must have made important contributions to the profession in his or her region over a lengthy period.

State and Regional Leadership Award

2001	EASFAA: Christine Zuzack; MASFAA: Kenneth Fridsma; RMASFAA: Phil Van Horn; SASFAA: Susan Little; SWASFAA: Gracie Guillory; WASFAA: Dan Davenport
2002	EASFAA: John Curtice; MASFAA: Laurie Wolf; RMASFAA: Robert Neas; SASFAA: Joel Harrell; SWASFAA: Michael Novak; WASFAA: Ted Malone
2003	EASFAA: Michael Bennett; MASFAA: Pam Fowler; RMASFAA: Sue Weinreis; SASFAA: Carol Mowbray; SWASFAA: Mary Sue Rix; WASFAA: Addalou Davis
2004	EASFAA: Yvonne Gittens; MASFAA: Orlo Austin; RMASFAA: Sandy Calhoun; SASFAA: David Gelinas; SWASFAA: Carlia Sproles; WASFAA: Sister Dale Brown
2005	EASFAA: Richard Woodland; MASFAA: Natala Hart; RMASFAA: Joan Zanders; SASFAA: Karen Koonce; SWASFAA: Earl Hudgins, WASFAA: Youlonda Copeland-Morgan

Each year the National Chair chose the Committee of the Year, recognizing the committee's furtherance of the goals of the association in a significant and the unique manner.

Committee of the Year

2001-02	Technology Initiatives Committee
2002-03	Research Committee
2003-04	Leadership Development and Professional Advancement Committee
2005-06	Editorial Board of *Student Aid Transcript*

States submitted descriptions of projects for consideration for the NASFAA State Award each year. Awards were made for the best contribution in one of four areas: service to the profession, service to students, parents and families, service to others, and service to advance the objectives of access and diversity. Not all categories received submissions every year.

Service to the Financial Aid Profession

2001	FL	Ambassador Committee project for welcoming new members to FASFAA
2002	PA	Legislative Guide for PASFAA members
2003	MN	Masters Leadership Program
2004	NC	Neophyte Listserv - Connecting New Aid Professionals with Veteran Administrators
2005	SC	Peer Support Network for Financial Aid Officers

Service to Students, Parents, and Families

2001	TN	The Forgotten Constituents: Reaching Out to Home Schoolers
2002	OK	Cash for College call-in program
2003	MI	Early Awareness Committee Activities
2004	NJ	Warning: Financial Aid Consultants
2005	NY	Early Awareness Bookmark Project

Service to Other Constituencies

2001	PA	Web Site Resource Guide for guidance counselors
2002	GA	A Roadmap to Success tool for high school and TRIO counselors
2004	NY	Introduction to Student Financial Aid for Legislators
2005	KY	Taskforce to Review Financial Aid Program Regulations

Advancing the Goals of Access & Diversity

2002	CT	My Path to College Early Awareness Poster/Calendar – for middle school students and their families
2005	WV	Collaboration between Postsecondary Schools and a High-risk Cohort of Community College Students

The Board of Directors authorized a new award—the NASFAA Regional Initiatives Award—at its November 2005 meeting. The award's objective was to recognize "a substantially new initiative intended to promote innovative and positive change within student financial aid." The authorization specified that the award need not be made every year.[212]

LEGISLATIVE ISSUES AND ADVOCACY

This section will examine three basic areas of NASFAA's advocacy activities during the five-year period: authorizing legislation, appropriations, and budgets and regulation. In addition, this section will discuss issues such as the growing reliance on student loans as the largest source of student aid and growing concern with certain practices of the student loan industry.

During this period, President George W. Bush, a Republican generally characterized as a conservative, occupied the White House. Senator James Jefford's resignation from the Republican Party and assumption of an independent role in 2001 left the Democrats with a majority of one in the Senate. The Republicans regained a small majority in the Senate in 2002 and retained it during the balance of the period. Republicans also held a slight majority in the House.

Authorizing Legislation

This section of the history is devoted to examining efforts to reauthorize the Higher Education Act of 1965, as well as several other laws that were introduced and/or enacted as Congress failed to reauthorize the federal student aid programs.

Reauthorization of the HEA

Perhaps the single most disappointing occurrence in terms of student aid legislation for the five-year period was the failure of the Congress to reauthorize the Higher Education Act of 1965 (HEA) before its expiration in 2003. As with many expiring federal statutes, the legislation was entitled to a virtually automatic one-year extension.

The persistent efforts of the NASFAA Reauthorization Task Force, the Board, the NASFAA staff, and many of NASFAA's members enabled the association to agree on virtually all of its recommendations for amendments to the HEA by November 2002.[213] NASFAA submitted these recommendations to the House Committee on Education and the Workforce several weeks in advance of the December 31, 2002, deadline.[214] Later NASFAA offered its proposed amendments at the Department of Education's first public reauthorization hearing on March 7, 2003, in Kansas City, Missouri, and submitted proposals to the Senate Committee on Health, Education, Labor and Pensions on May 22, 2003. By June 2003, NASFAA was able to provide both chambers and ED with its final reauthorization proposals along with the appropriate legislative language. Unfortunately, Dr. Martin's prediction to the Board of Directors in May 2003 that Congress would complete reauthorization legislation before departing for its August recess was unduly optimistic.[215]

The House of Representatives took a different approach to the reauthorization process than in previous reauthorizations by focusing on specific issues that were of concern to the Republicans: teachers and their education; reducing rising college costs (on which Rep. Howard "Buck" McKeon had already offered a proposal); accountability in postsecondary education; and the needs of minority students and institutions that enrolled minority students in large numbers.

The McKeon proposal, known as the Affordability in Higher Education Act of 2003 (H.R. 3311), sought to moderate tuition increases at institutions that received federal student aid funds.[216] Under the proposal, if an institution raised its tuition by more than twice the rate of inflation, its administration must to explain to ED how they intended to lower future increases, and the school could lose Title IV funding.

The first public hearing by the House Committee on Education and the Work Force on May 13, 2003, marked the formal beginning of congressional reauthorization efforts. The chair of the House committee and other Republican leaders questioned the necessity of increasing Title IV funding since some programs were not funded at their authorized levels. [217] By the second half of 2003, the House Committee on Education and the Workforce had chosen six specific areas to comprise its reauthorization efforts: teacher-training, graduate education, international education, access and opportunity, and affordability and accountability.[218]

Proposals in four of the six areas had bipartisanship support, enabling the House to pass the legislation. The proposed Teacher Recruitment and Retention Act (H.R. 438) and the proposed Ready to Teach Act (H.R. 2211) addressed teacher education. H.R. 438 would raise loan forgiveness from $5,000 to $17,500 for borrowers who taught mathematics, science, or special education courses for five years in schools that primarily served disadvantaged students. H.R. 2211 provided measures to align teacher training with the goals of the No Child Left Behind Act of 2002.

Issues pertaining to graduate studies were addressed in the proposed Graduate Opportunities in Higher Education Act (H.R. 3076), while international studies were the subject of the proposed International Studies in Higher Education Act (H.R. 3077). Both pieces of legislation passed the House on October 21, 2003.

The proposed Expanding Opportunities in Higher Education Act (H.R. 3039), introduced in September 2003, dealt with access and opportunity, but differences over certain key provisions prevented the bill from moving forward. Dr. Martin felt that Rep. McKeon's bill (H.R. 3311) dealing with holding tuition increases to an affordability index, was the most controversial of the Republican proposals. The inability to find a suitable way to deal with accountability resulted in no legislation being introduced in that area.

The Democrats in the House also offered reauthorization proposals. Rep. George Miller, ranking minority member of the House Committee on Education and the Work Force, introduced the College Opportunity for All Act (H.R. 3180) on September 25, 2003. The bill sought to enable students to retain more of their own money by refinancing certain high-interest loans and reducing income taxes on their earnings. It also sought to simplify the financial aid application process significantly, double the maximum Federal Pell Grant by 2011 to $11,600, and provide full academic-year Pell funding for students who wished to accelerate progress toward graduation. The bill further proposed to increase funding for institutions serving primarily minority students. Instead of imposing controls on tuition, Democrats sought to alter the state and institutional monetary policies that resulted in higher tuition.

On April 22, 2004, Committee Chairman John Boehner and Rep. McKeon convened representatives of higher education to present their views on how reauthorization should proceed.[219] They focused on the College Access and Opportunity Act (H.R. 4253), which contained many of the provisions of the earlier Affordability in Education Act (H.R. 3311) but omitted penalties for excessive tuition increases and did not increase authorization levels for Federal Pell Grants. The bill would award students who finished a rigorous state scholars' curriculum an additional grant of $1,000 for each of the freshman and sophomore years. It would also allow Federal Pell Grants to be used during the full year, and would eliminate the program's tuition sensitivity provision.

H.R. 4253 would reauthorize the three campus-based programs and provide for a phase-out of the conditional guaranty that was part of the allocation process. It would also continue and strengthen the TRIO and Gear Up programs. H.R. 4253 offered a host of provisions relating to the federal student loan programs to "level the playing field" between the Federal Family Education Loan and Direct Loan programs. The bill would raise loan limits for freshmen and sophomores in both programs and for unsubsidized loans to graduate students. All new loans would have a variable interest rate and that would be capped at 8.25 percent. The holders of loans would be obligated to provide the national credit agencies with the details of these obligations. Loans made from tax-exempt bonds could not be combined and priced at lower interest. H.R. 4253 would also prohibit excess earnings on student loans.

Several provisions of H.R. 4253 applied to the nature and conduct of institutions and students. As proposed, the legislation would create a single definition of what constituted an institution of higher education and for-profit institutions would no longer be subject to the 90/10 rule. The bill would also drop the 50 percent limit on the credit hours for which distance-learning students could enroll, and would require all institutions to publish an explanation of their transfer of credit policy. Students with a drug conviction would be ineligible for federal financial aid only if the conviction occurred while the student was receiving Title IV aid. Institutions with low loan defaults would not be held to the expired 30-day delayed loan disbursement and single disbursement requirements.

H.R. 4253 failed to capture much enthusiasm from the higher education community. NASFAA and a number of other organizations reacted by submitting a letter that suggested extensive changes. At the July 2004 Board meeting, Dr. Martin expressed particular concern over the variable interest rate proposed for consolidated loans, and to the greatly increased administrative burden that several of the provisions would impose on institutions.[220] The chairs of the House Committee on Education and the Workforce and its Subcommittee on 21st Century Competitiveness promptly accused the higher education community of a disconnect with parents, students, and taxpayers for seeking legislation which would cost billions and provide little reform. Letters sent by the committee & subcommittee chairs to college presidents branded Washington-based associations as lobbyists.[221]

The Senate showed considerably less inclination than the House to move ahead expeditiously with reauthorization. Its Committee on Education, Health, Labor and Pensions conducted a reauthorization hearing on October 16, 2003, but gave no indication when future hearings might occur.[222] Senate Democrats did introduce a bill on October 28, 2003: the College Quality, Affordability, and Diversity Improvement Act of 2003, which called for raising the maximum Pell Grant from $4,050 to $4,500, increasing the HOPE Tax Credit maximum to $3,000, doing away with origination fees on subsidized guaranteed and direct loans, permitting borrowers in repayment to refinance consolidated loans once, and providing incentives for institutions to move from FFEL to Direct Loans. As it became clear that Congress would not reauthorize the HEA before its previous automatic one-year extension expired on September 30, 2004, Congress adopted an additional one-year extension of H.R. 5185. Dr. Martin endorsed this extension in letters to key leaders in both houses, attributing the two-year paralysis in the process to what he termed "contentious partisanship." [223]

Although the Bush Administration did not introduce its own reauthorization bill, its budget proposals for fiscal year (FY) 2005 revealed the modifications the Administration sought in the Higher Education Act. Dr. Martin informed the Board of Directors in May 2005 that the White House wished to end TRIO, GEAR-UP, LEAP, and the Federal Perkins Loan Program, and to require schools to return revolving campus-based loan funds to the federal government.[224]

No significant progress on reauthorization occurred in Congress in 2005. In the House, Rep. John Boehner reintroduced the College Access and Opportunity Act on February 2, 2005, with minor modifications to the previous version. The Senate's Health, Education, Labor and Pensions Committee announced that in June 2005 it planned to mark-up a bipartisan bill patterned on the existing HEA. Dr. Martin anticipated that the Senate bill would not contain the controversial provisions contained in the House bill.

The House passed the College Access and Opportunity Act, renumbered H.R. 609, on March 30, 2006, with a margin of 30 votes.[225] Prior to the floor debate, 118 amendments were offered. The Senate Health, Labor, and Pensions Committee passed reauthorization legislation, S. 1614, before the end 2005 but the bill failed to make it to the Senate floor. Its provisions were incorporated into the Senate's deficit reduction bill, S. 1932, which was later passed by the Senate. However, when the two houses went to conference on the bill, they removed those provisions. Dr. Martin anticipated that S. 1614 would be reintroduced later.

Other Legislation

Although the five years of this history came to their conclusion without the reauthorization of the Higher Education Act of 1965, the Title IV programs continued under a series of continuing resolutions. Despite the failure to achieve reauthorization, several pieces of legislation affecting federal student aid were introduced and enacted.

Higher Education Relief Opportunities for Students (HEROES) Act of 2001. HEROES provided the Secretary of Education with the authority to waive or modify financial assistance programs provisions affecting students and institutions affected by the September 11, 2001, terrorists and individuals called to active service during a war, military operation, or national disaster. When the legislation first moved through the House as H.R. 3086, Dr. Martin noted that the bill would help members of the military with student loan payments but also expressed concern that it would decrease the authority for professional judgment by financial aid administrators.[226] The HEROES Act later came up for renewal in basically the same form that had been originally enacted two years earlier and was extended until September 30, 2007.[227]

Deficit Reduction Act of 2005. Of the few bills pertaining to student financial aid that managed to make it through Congress during the period, the most extensive was the Deficit Reduction Act of 2005. When President Bush signed the legislation on February 8, 2006, the White House announced that it was intended to reduce mandatory spending by almost $40 billion in five years through savings drawn from entitlements such as Social Security, Medicare, and Medicaid. From the student aid standpoint, the law sought to reduce what were termed excess subsidies to lenders, reduce the overall expense of student loans by $22 billion, and raise student aid by $10 billion. Besides entitlements and student aid, the law focused on other areas such as the energy needs of low-income citizens, child care, Katrina health care, welfare reform and charitable giving.[228]

The Deficit Reduction Act created two new grant programs for Federal Pell Grant-eligible recipients. Academic Competitiveness Grants (ACG) awarded students who had completed a rigorous secondary school program with a grade point average (GPA) of at least 3.0 a grant of $750 for their freshman year and $1,300 for their sophomore year. National Science and Mathematics Access to Retain Talent Grants (SMART Grants) would provide $4,000 per year to junior and senior students with at least a 3.0 GPA pursuing degrees full-time in computer science, life science, physical science, technology, mathematics, critical foreign languages, liberal arts and sciences, engineering. Eligibility for ACG and SMART Grants required eligibility for Federal Pell Grants.

By far the most pervasive financial aid provisions of the Deficit Reduction Act pertained to the federal student loan programs. These are described in the Student Loan Issues section of this history.

The Deficit Reduction Act also made several modifications to the Federal Methodology. For example, it increased the income protection allowance to $2,000 for dependent students (an $800 increase), $6,050 for independent students with no dependents other than a spouse (a $1,050 increase), and $9,700 for independent students with dependents other than a spouse (a $1,700 increase).

The treatment of students' assets also changed. Under the new legislation, Federal Methodology assessed assets at 20 percent (decreased from 35 percent) for dependent students and for independent students without dependents. For independent students with dependents other than a spouse, the assessment dropped from 12 percent to 7 percent.

Internet Equity and Education Act of 2001 (H.R. 1992). NASFAA took a particular interest in the Internet Equity and Education Act of 2001, which Sen. Johnny Isakson of Georgia introduced in 2001 with the objective of moving distance education and traditional higher education to a more level playing field.[229] The bill proposed exceptions to existing law excluding from participation in the FFELP and Direct Loan programs any institution that offered more than half of its instruction as distance learning and/or did not require 12 hours of enrollment. To be granted an exception, an institution would need to demonstrate a student loan default rate of less than 10 percent for three years. An additional exception dealt with incentive compensation rules for institutional recruiters. Sen. Isakson, then Vice Chairman of the House's 21st Century Competitiveness Subcommittee, explained his legislation to a symposium that preceded the 2001 National Conference.

Dr. Martin considered the proposed legislation as a providing a technical correction to the HEA of 1998, and NASFAA submitted a letter to Congress in support of the bill. Despite some concern over the treatment of the incentive compensation of recruiters, the House Subcommittee on 21st Century Competitiveness passed the bill on July 11, 2001, with bipartisan support. Approval of the full House came in October 2001 with substantial support, perhaps reflecting the brief period of bipartisanship evident in Congress immediately after the 9/11 attacks. A companion bill, S. 1445, was introduced in the Senate, but there was little indication that it would be put on the fast track as it had been in the House. The Committee on Health, Education, Labor and Pensions hearing on the bill took place on September 26, 2002.[230] However, like so many other issues before the Congress, legislation on distance learning would have to wait for reauthorization to be resolved.

Taxpayer Teacher Protection Act of 2004 (H.R. 5186). NASFAA supported the Taxpayer Teacher Protection Act of 2004, considering it a stopgap measure until reauthorization occurred, through letters to the education leadership in both houses.[231] The proposed legislation sought to rein in the high revenue received by some nonprofit lenders and support loan forgiveness for certain eligible elementary school teachers. President Bush signed the bill into law (P.L. 108-409) on October 30, 2004.

Hurricane and Disaster Legislation. When Hurricanes Katrina, Rita, and Wilma struck the Gulf states in the late summer of 2005, NASFAA staff worked closely with ED staff to distribute information about how institutions with affected students should proceed.[232] Dr. Martin warned the Board in November 2005 that the presidential associations had issued some inaccurate information about what actions institutions should take, advising that the directions of ED should be heeded instead. Congress enacted three statutes dealing with the effects of the disaster. On September 21, 2005, President Bush signed the Pell Grant Hurricane and Disaster Relief Act (H.R. 3169) and the Student Grant Hurricane and Disaster Relief Act (H.R. 3668), which relieved affected students of responsibility for repaying their Federal Pell Grants. On October 7, 2005, President Bush signed the Natural Disaster Student Aid Fairness Act (H.R. 3863), authorizing the Secretary of Education to waive the rules applicable to the reallocation of campus-based student aid.[233]

The Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery of 2006. This legislation modified federal student loan consolidation in two significant ways. First, it eliminated the single holder rule, allowing borrowers to consolidate their federal loans with any consolidation lender. Second, it altered a provision of the Budget Reconciliation Act of 2005 that would have precluded FFEL Stafford borrowers from applying for a Direct Consolidation Loan if they could not obtain a FFEL Consolidation Loan or could not obtain a consolidation loan that allowed for income sensitive repayment. Neither provision had been included in the House and Senate bills; they had been added in conference. Unfortunately, the Emergency Supplemental Appropriations Act failed to correct the interest discrepancy between the FFEL PLUS and Direct PLUS Programs.[234]

Student Aid Streamlined Disclosure Act of 2004 (H.R. 3613). As with the proposed distance learning legislation, Congress introduced the Student Aid Streamlined Disclosure Act of 2004 during the period but failed to enact it. The bill was of concern to many student aid administrators, who already strenuously objected to having to reconcile tax information on the FAFSA with IRS returns, although NASFAA supported in principle the verification of these data. Dr. Martin wrote to the Board of Directors in April 2004 that the bill as drafted dealt with only a limited number of items and was inefficient, costly and would unduly delay the awarding process. He specifically objected to two provisions: 1. the proposed verification of items that did not match with those stipulated in the HEA, and 2. the prohibition of data sharing about conflicting information between approximately 1,000 institutions and the outside service providers with which they contracted to process applications. Dr. Martin called for a demonstration project to find ways to avoid these problems while still accomplishing the bill's objectives.[235]

Budget Reconciliation Act of 2005. NASFAA opposed the Budget Reconciliation Act of 2005 even though it had adopted a number of the recommendations of NASFAA's Reauthorization Task Force. Dr. Martin told the Board that NASFAA wanted the savings from the student loan changes to be directed to the student aid programs, rather than be used to lower the overall federal deficit. He admitted being surprised by its establishment of the two new grant programs.[236] NASFAA staff gathered questions and comments about the new laws to provide complete and accurate guidance to the membership.[237]

Appropriations and Budgets

Federal student aid appropriations fluctuated significantly during the five-year period, as illustrated in the College Board's publication "Trends in Student Aid, 2006." [238] Total federal student aid appropriations in 2001-02, exclusive of educational tax benefits, amounted to $57.39 billion. Five years later, in 2005-06, the corresponding figure was $88.54 billion, an increase of 54 percent. This growth can be attributed primarily to increases in federal loans to student and parents. In 2001-02, Title IV education loans totaled $42.76 billion. In 2005-06 they amounted to $68.59 billion, an increase of 60.3 percent. Federal Pell Grants spending, considered the cornerstone of federal student aid, grew over the five years by 26.8 percent, from $9.98 billion in 2001-02 to $12.68 billion five years later. Campus-based aid, including the FSEOG, Federal Work-Study, and Federal Perkins Loans programs, decreased during the five years by 33.2 percent, from $3.08 billion to $2.06 billion. (Note that all of the figures in this paragraph reflect not only the federal student aid appropriations, but also the institutional matching requirements and funds carried forward from one year to the next.)

The federal budget surpluses that had accumulated during the Clinton years quickly disappeared in the five years covered by this history, due to the September 11, 2001 attacks, the "War on Terror," a fiscal stimulus package intended to bolster the weakening economy, hurricane relief, and income tax cuts. At the November 2001 Board meeting, Dr. Martin noted that the Congressional Budget Office had estimated in January 2001 that the surplus at the end of FY 2001 would be $281 billion.[239] In September 2001, the CBO had lowered that figure to $121 billion. Dr. Martin further explained that the FY 2002 surplus, which had originally been estimated at $313 billion, had to be lowered to $36 billion. In his July 2003 report to the Board, Dr. Martin predicted that the FY 2003 federal budget deficit could reach more than $300 billion.[240] At the same time, he warned that the end of FY 2004 might well see the deficit climbing to $450 billion. He offered an interesting observation about the changing views of the two political parties about federal budget deficits, saying that 10 years earlier, the Democrats contended that spending-needed deficits were okay while the Republicans insisted that spending deficits were evil. By 2003, the positions had evolved to the point the Democrats maintained that deficits were a dead weight on the economy and the tax cuts should be dramatically scaled back, while the Republicans argued not worry about the deficits as the economy needs a boost and the military needs to expand."[241]

Over the five-year period, Congress rarely passed the 13 appropriations bills necessary for federal departments and agencies to function by the beginning of a new fiscal year. The norm became reliance on continuing resolutions. An exception occurred in FY 2004-05 when Congress approved four of the 13 bills on time. Congress also had problems passing annual budget resolutions on time. In 2004, the next year's budget resolution passed the House by only four votes and struggled in the Senate.[242] Dr. Martin complained that the Congress was consumed in partisan politics.[243] He told the Board of Directors at its meeting in July 2003 that Congress was obscuring the extent of the real budget deficit by becoming "very clever about bookkeeping, or 'scoring', [and] by learning to sunset certain provisions so that in the out years they did not show up in the budget."[244] "Pay-Go" requirements added even more complexity, particularly for student aid. These requirements stipulated that offsets must be found for increases in spending, whether they were for discretionary spending, entitlement spending, or tax expenditures.[245]

It is useful to consider separately how the Bush Administration, the Senate and the House of Representatives dealt with the funding and the continued existence of the federal student financial aid programs.

The White House

During the period, student financial aid was generally not among White House priorities. However, the Bush Administration did propose an increase in Federal Pell Grant funding of almost $1 billion for FY 2002.[246] The proposed appropriation for the program included a $100 increase in the maximum annual grant award, making it $3,850. The Administration proposed that the rest of the student aid programs, with the exception of TRIO and GEAR-UP be held to the same funding levels as in FY 2001.TRIO was to have a $50 million increase while GEAR-UP was to be cut by $68 million. Although Congress had not yet completed its appropriations, the NASFAA president optimistically predicted that federal student aid would end up at a record level.

However, Dr. Martin expressed disappointment when he reported to the Board on President Bush's FY 2003 proposals.[247] Although the White House had sought an increase of $549 million as well as another $1.276 billion in supplemental funding for the Pell Grant Program, all of these funds were intended only to cover a Pell Grant shortfall that had developed when the number of eligible applicants had risen by 12 percent over the prior two years. The budget proposal included no increase in the maximum Federal Pell Grant. To avoid future shortfalls, President Bush sought to shift the determination of the annual Federal Pell Grant maximum to the Secretary of Education, who was to base the determination on available funding. The FY 2003 budget proposals held the campus-based programs at the prior year's funding levels and eliminated LEAP. The Administration did request funding that would permit raising loan cancellation from $5,000 to $17,500 for teachers in mathematics, science and special education. The Administration's plans for FY 2003 also proposed raising the community service component of Federal Work Study from 7 percent to 50 percent, although this plan was not favored by Congress or the higher education community.[248]

The federal student aid programs fared poorly in White House budget proposals during the remainder of the period, largely due to the growing budget imbalance. Dr. Martin called the federal budget and political environment "stressful" at the July 2003 Board meeting, and expressed equal concern about the fiscal problems the states.[249] He considered the federal income tax cuts and economic stimulus package to be significant factors in the growing budget deficit. As with FY 2003, while the president's FY 2004 budget request provided for increased Federal Pell Grant funding, all of it was to be used for the shortfall.

The president's 2005 budget request provided an additional $1.68 billion for education—the smallest increase since 1996.[250] The proposal provided for the elimination of 48 education programs. No increase was proposed in the Federal Pell Grant maximum, which would remain at $4,050. For the third straight year, however, President Bush proposed a new program called Enhanced Pell Grants and asked for $33 million to fund this new initiative. To qualify the recipient must have completed a "rigorous State Scholars program of study in high school." President Bush's FY 2005 budget request held funding for other federal student aid programs at their FY 2004 level and sought no capital contribution for the Federal Perkins Loan Program.

The 2006 White House federal budget request became somewhat irrelevant in the light of the Budget Reconciliation Act of 2005, signed into law on February 8, 2006. This has already been discussed in some detail earlier in this history. Most significantly in terms of funding issues, the legislation provided a $40 billion reduction in discretionary spending over five years. Of this total, $22 billion would come from lower subsidies for the student loan providers. The legislation also increased some student borrowing limits and created the ACG and SMART grant programs, which promised to introduce a great deal of increased administrative responsibility for student aid personnel.

Congress

The two chambers of Congress—particularly the Democrats, led in the Senate by Sen. Edward Kennedy of Massachusetts and in the House by Rep. George Miller of California—were less disposed than the White House to reduce the funding or eliminate federal student aid programs. Although Congress' routine method of enacting appropriations was often negated by the need to employ continuing resolutions and supplemental appropriations, there is value in examining how Congress and the Administration differed on funding, and how the Senate and House took different positions.

In 2001, the House sought to increase the FY 2002 appropriation for the Federal Pell Grant Program by $1.7 billion and to raise the maximum annual award by $250, to $4,000.[251] The House proposed to increase FSEOG by $34 million, raise TRIO by $20 million, and reduce GEAR UP by $10 million while holding the other programs at their 2000-01 levels.

The Senate also sought to increase Federal Pell Grant Program funding for FY 2002, but by $1.56 billion, which was $144 million less than the House. The Senate also wished to raise the maximum annual award by $250 to $4,000. The Senate proposed a $22 million increase in FSEOG, approximately $12 million less than the House. The Senate's increase in TRIO was $75 million ($54 million more than the House) while the Senate proposed a $75 million reduction in GEAR UP, as opposed to the House's proposed $10 million cut. Both houses would hold FWS and the Federal Perkins Loan federal capital contribution constant at their FY 2001 levels. The Senate proposed raising the Perkins Loan cancellation funding by $15 million while the House retained funding at the FY 2001 level of $60 million.

Dr. Martin remarked to the Board at its fall 2001 meeting that it was doubtful that funds could be found to increase the maximum Federal Pell Grant as both chambers wished.[252] In spring 2002, Congress ignored the president's call for a rescission in 2001-02 Labor, Health and Human Services, and Education funding to eliminate the Pell Grant shortfall.[253]

The House's FY 2003 Budget Resolution was consistent with the president's budget request, as it sought to cover the Federal Pell Grant shortfall, maintain student aid funding at the FY 2002 level, and eliminate LEAP.[254] While the Senate Budget Committee succeeded in approving a budget resolution, the Democrats lacked sufficient votes to gain approval in the full chamber. While the two houses were able to pass a supplemental appropriation to deal with the Pell Grant shortfall, they were unable to move ahead with the full Labor, Health and Human Services, and Education appropriation for FY 2003.[255] Dr. Martin told the Board that the Republicans' success in recapturing the majority in the Senate would likely postpone any improvement in support for student financial aid until the next session of Congress.[256]

White House income tax cuts proposed in 2003 also lessened the prospects of improved funding of federal student aid. President Bush announced in his budget request for FY 2004 that he would seek a reduction in income taxes of $726 billion to stimulate the stagnant economy.[257] In their respective budget resolutions, the House Ways and Means Committee recommended reducing taxes by $550 billion, while the Senate Finance Committee favored a $350 billion reduction. The tax bill as signed by President Bush on May 9, 2003, provided for cuts of $350 billion.[258]

In its FY 2004 budget resolution, the Senate attempted without success to include a $450 increase in the Pell Grant annual maximum, bringing it to $4,500.[259] In June 2003, the Senate Labor, Health and Human Services, and Education Appropriation Subcommittee approved small increases in funding for Head Start, TRIO, and Gear-UP, which was seen as a move toward restoring the education programs that the White House wished to eliminate.[260] The subcommittee also approved $450 million for the Federal Pell Grant shortfall, well short of the $1.3 billion that Dr. Martin felt was needed. The subcommittee held the other student aid programs at current funding levels.

At that point, the Senate had not yet begun its work on the Labor, Health and Human Services, and Education appropriation for FY 2004. At the November 2003 Board meeting Dr. Martin predicted that the appropriation for FY 2004 would fail to pass, necessitating a continuing resolution. [261] Senate Democrats indicated their position on federal student aid by passing a "message" bill that called for a significant increase in the Federal Pell Grant maximum and higher appropriations for other programs. Rep. George Miller (D-CA) charged that the Republican tax policy and education cuts had weakened higher education.[262]

The Senate 2005 budget resolution received approval on March 12, 2004, by a small, six-vote margin.[263] The resolution provided $3.7 billion for the Federal Pell Grant shortfall and created a $5 billion reserve to be used to improve the student loan programs. However, a number of the provisions in the Senate's budget resolution failed to survive conference, leaving a very limited amount of funding available for student aid.[264] The $3.7 billion funding for the Federal Pell Grant shortfall and the $5 billion reserve were approved contingent on finding budget offsets, and an increase in the Hope Tax Credit was dropped.

The House passed its Labor, Health and Human Services, and Education appropriation bill on September 9, 2004, while a Senate Appropriation Committee markup session produced a version of a bill.[265] The Senate's markup would increase the Federal Pell Grant appropriation to $12.83 billion for FY 2005 but hold the annual maximum grant to $4,050. The House bill raised FSEOG by $24.1 million to $794.5 million while the House bill sought an increase in the program to $799.9 million. The House held FWS level at $998.5 million while the Senate reduced funding for the program by $257,000. Both the Senate and House maintained Federal Perkins Loan cancellations at the previous level of $66.7 million. The Senate held the Federal Perkins Loan federal capital contribution at its current level of $98.8 million while the House provided no appropriation. While the president's budget request had eliminated funding for LEAP, Congress was disposed to continue the program at the current level of $66.4 million. Ultimately, the federal student aid programs were subject to an Omnibus Appropriations Bill that called for near 1 percent reduction in funding for FY 2005.[266]

The House's budget resolution for FY 2006 differed from the president's budget request in that the budget resolution did not include a Federal Pell Grant increase or provide funds to cover the Federal Pell Grant shortfall.[267] The resolution did mandate that budget savings of $21.4 billion over five years would come from student aid. The Senate's markup of its budget resolution called for budget savings of $8.6 billion over five years. Although the budget resolution did not specify the source of these savings, Dr. Martin anticipated that it would be the student loan programs.

The Senate budget resolution contained several promising features. It included a $100 increase in the annual Federal Pell Grant maximum with sufficient funding to carry the increase forward for five years. It approved another $1.2 billion to cover the Federal Pell Grant shortfall over five years. It created a reserve fund of $5 billion to pay for improved student loan benefits over the course of five years, which would be a part of the anticipated reauthorization of the Higher Education Act. The resolution would also provide for $1,000 of loan forgiveness over five years for Federal Pell Grant recipients who graduated in four years.

When the FY 2006 budget resolution came to the Senate floor, Senator Edward Kennedy introduced an amendment that would add $5.4 billion for student aid. The amendment, which was approved by a margin of 51 to 49, increased the annual Federal Pell Grant maximum to $4,500 and restored funding to TRIO, GEAR UP, LEAP, Federal Perkins Loan federal capital contributions, and the Perkins Voc/Ed program. Following arduous negotiations in the Budget Conference Committee, a compromise budget resolution for FY 2006 narrowly gained acceptance.

The House Appropriations Committee's markup of funding for the student aid programs in FY 2006 was completed by the middle of June 2005.[268] The markup restored funding to most of the programs that President Bush had designated for elimination in his budget request. It increased the annual Federal Pell Grant maximum by $50 to $4,100, in contrast to the White House's proposal to increase it by $100 to $4,150. It would also cover the Federal Pell Grant shortfall of $4.3 billion. It provided level funding for FWS at $990 million and for FSEOG at $779 million. It withheld funding for the Federal Perkins Loan federal capital contributions, although it approved funding for Perkins Loan cancellation. In addition, contrary to the president's request, the markup continued funding at the prior year levels for TRIO, GEAR UP and LEAP. The House Appropriations' Committee did accept the president's request to discontinue support of the Byrd Honors Scholarship Program and the Thurgood Marshall Legal Education Opportunity Program. The two new programs proposed by the president—Enhanced Pell for State Scholars and Presidential Math and Science Scholars—did not receive funds.

The Senate passed the FY 2006 Labor, Health and Human Services, and Education appropriation bill on October 27, 2005.[269] As the full Senate debated the bill, Senator Kennedy sought an amendment to raise the Federal Pell Grant annual maximum to $4,250. The amendment failed by three votes, retaining the maximum at $4,050. As in the House, the Senate provided $4.3

billion to eliminate the Federal Pell Grant shortfall. The Senate also increased FSEOG funding to $$804 billion while the House maintained it at the current level of $778.72 million. Both houses level-funded FWS at $990.3 million. The Senate provided no new Federal Perkins Loan federal capital contribution, but approved $66.1 million for Federal Perkins Loan cancellations. In opposition to the president's request to eliminate LEAP, both houses funded it at its current level of $65.6 million. Neither the Senate nor the House accepted the president's proposal to reduce funding for TRIO and GEAR UP, and both chambers approved level funding for the small Jacob J. Javits and GAANN fellowship programs. Neither chamber was willing to support the two new programs sought by the White House, Enhanced Pell Grants and Presidential Math and Science Scholars.

Differing provisions in the two appropriation bills made it necessary to conference. The Conference Report showed that the increases in student aid programs approved by both chambers were eliminated. Twenty-two Republicans joined House Democrats in voting against Conference Report. They objected to the amount of money to be spent on social programs. Efforts devoted to 2006 appropriations lost their significance as Congress moved to deal with the Budget Reconciliation Act of 2005, signed into law on February 8, 2006. Dr. Martin informed the Board at its May 2006 meeting that it would be difficult to resolve the differences between the budget resolutions of the House and Senate.[270] He did not anticipate an agreement before the autumn elections, but was pleased that Congress had rejected the White House budget proposal. He felt pessimistic, however, about an increase in the annual Federal Pell Grant maximum or restoration of the Federal Perkins Loan federal capital contribution.

Regulations

Regulatory Reform

Excessive, arbitrary, and burdensome student aid regulations have always been a major concern of NASFAA and its members. Some relief from the myriad of troublesome rules seemed in the offing in the spring of 2001 when House Subcommittee on 21st Century Competitiveness Chairman Howard "Buck' McKeon of California and ranking minority member Patsy Mink of Hawaii announced the "Upping the Effectiveness of Our Federal Student Aid Programs" project, more popularly known as "FED. UP."[271] The American Council on Education (ACE), with the participation of NASFAA and a number of other higher education organizations, submitted 21 pages of recommendations intended to eliminate expensive rules and improve the regulatory process. The ACE document proposed that ED abandon its pattern of basing regulations on anecdotes and single occurrences, permit sufficient time for the implementation of new requirements, and place less emphasis on sub regulatory guidance. Specifically, the ACE submission called for seven changes pertaining to the return of Title IV funds, and asked that institutions with low default rates continue to be allowed to make loans in single disbursements, and to disburse funds to first-time borrowers without having to wait 30 days. The document also objected to inquiring about Selective Service status and drug convictions as part of the student aid application process.

Besides being a party to the ACE recommendations, NASFAA also submitted 15 recommendations of its own.[272] The proposals adhered to the procedure stipulated for the "FED. UP" submissions: Each recommendation stated the nature of the issue, included the pertinent statutory or regulatory citation, defined the recommended relief, and provided an explanation of the reason for the proposal. Some of the recommendations pertained to the return of federal student aid funds while others applied to general provisions or specific programs. The proposals addressed such topics as the determination of a student's withdrawal date, childcare service provided as a community service to a student parent, the restoration of defaulted borrowers' federal student aid eligibility, and the treatment of a veteran's benefits in establishing eligibility for campus-based assistance.

Dr. Martin informed the Board of Directors in July 2001 that the FED. UP issues had been incorporated into the FED. UP Higher Education Amendments Act (H.R. 4866).[273] The House Committee on Education and the Workforce scheduled and then cancelled a mark-up of the bill when the Democrats offered several amendments. Chairman McKeon insisted that the amendments were more appropriately matters for reauthorization. Dr. Martin explained to the Board that NASFAA's main interest in the legislation was to avoid reinstatement of the 30-day delayed loan disbursement for first-time borrowers and the multi-disbursement requirement for schools with loan default rates below 10 percent. When the House defeated FED. UP legislation, Dr. Martin announced at the July 2002 Board meeting that he expected some of the facets of the bill would make it into reauthorization.[274]

Negotiated Rulemaking

The 1992 reauthorization of the Higher Education Act of 1965 introduced negotiated rulemaking (often referred to as NegReg) to the student aid regulatory process. Under NegReg, parties who would be affected by a proposed rule could seek to influence the regulations developed by the U.S. Department of Education. The goal of negotiated rulemaking is to develop a Notice of Proposed Rulemaking that reflects the consensus of members of the negotiating committee.[275]

The NegReg process was employed once during the five years of this history, to deal with certain issues pertaining to general provisions and student loans. These negotiations ultimately resulted in the final regulations published on November 1, 2002, which addressed establishing the eligibility for a student loan hardship deferment, the information required for borrowers' unemployment deferments, the master promissory note, leaves of absence, student attendance records, requirements when a change in school ownership occurs, and "the 12-hour rule," which pertained to the definition of a week of instruction. A large number of other matters raised during NegReg were not addressed in the final language.

ED took numerous administrative actions during the five-year period, some involving rules and others that might be termed sub regulatory guidance, which have been mentioned earlier in this history. Key areas where the views of ED and NASFAA often differed included verification, adjustments to state and local tax tables, student aid disbursement, leaves of absence, Title IV refunds, and a wide variety of student loan issues

Student Loan Issues

Student loans drew significant attention during this period in NASFAA's history, particularly on issues such as student loan interest rates, terms, and repayment options; disparities between the FFEL and Direct Loan programs; and lender inducements.

Loan Terms

NASFAA members felt strongly that the interest charged on student loans, whether a variable or fixed interest rate, should apply to consolidated loans and annual and aggregate maximum loan limits for borrowers. NASFAA's reauthorization proposals sought to increase loan limits, but changes did not occur until the passage of the Deficit Reduction Act of 2005, signed into law in February 2006. Section 8005 of the legislation raised annual limits for FFEL borrowers: First-year students could borrow $3,500 (a $775 increase), and second-year students could borrow $4,500 (a $1,000 increase). Annual loan limits for graduate and professional students increased from $10,000 to $12,000, and the Deficit Reduction Act raised the annual loan limits from $10,000 to $12,000 for graduate and professional students. The legislation permitted loans up to $7,000 (a $2,000 increase) for students in preparatory coursework for graduate study or an elementary or secondary teaching credential. The changes in annual loan limits were to become effective on July 1, 2007. The legislation also made graduate and professional students eligible for PLUS loans on July 1, 2008. No changes were made in aggregate borrowing limits.

The statute raised the interest rate on PLUS loans from 6.8 percent to 7.5 percent on July 1, 2006. An oversight caused the increase to apply only to FFEL PLUS, but not to Direct PLUS, which retained a 6.8 percent interest rate. After a House proposal to continue a variable interest rate was defeated in Conference, the rate for both FFEL and Direct PLUS loans was fixed at 6.8 percent effective July 1, 2006. The House proposal to allow borrowers to select a fixed or variable interest rate on a consolidated loan was also defeated in Conference, maintaining the fixed rate. The origination fee for both FFEL and Direct Loans would be phased out incrementally by July 1, 2010.

The Deficit Reduction Act contained two recommendations of NASFAA's Reauthorization Task Force: Subsidized and unsubsidized loans made by institutions as lenders were limited to graduate and professional students, and institutions with default rates under 10 percent for the last three years were again permitted to make a single loan disbursement and not have to delay disbursements to first-time borrowers for 30 days.

The Emergency Supplemental Appropriations Act for Defense, the Global War on Terror and Hurricane Recovery of 2006 contained two significant changes affecting the consolidation of FFEL and Direct loans. It eliminated the single-holder rule, allowing FFELP borrowers to consolidate their loans with any authorized lender, and it eliminated a provision in the Budget Reconciliation Act of 2005 that would have restricted the conditions under which FFEL borrowers without Direct Loans could consolidate their loans into Direct Consolidated loans.

Lender Inducements

Efforts of the student loan industry to gain improved business relations with institutions of higher education came under significant federal government scrutiny in 2002. Practices examined included offering financial aid administrators travel and entertainment; appointing them to advisory councils, sometimes with stipends; and hosting them for recreational outings such as sports events and activities.

The matter of lender inducements was one of the most divisive issues to confront the NASFAA's Board of Directors in the five years of this history. In November 2002, the Board directed the Reauthorization Task Force to identify a solution for the issue, which was the lone remaining reauthorization recommendation on which the Board had been unable to reach closure.[276] The task force devoted substantial effort to examining what it termed the aggressive marketing and student loan business practices that were occurring all too frequently in the lending and institutional communities. It concluded that a few FFEL participants were engaged in activities that violated the inducement provisions of the Higher Education Act.

The task force proposed that any lender expenditures in excess of $50 on behalf of an institution or its employee(s) should be made known to the Secretary of Education. The federal official would then post a notice of the occurrence on the web. When NASFAA announced this proposal, its members questioned several aspects of it, including the reporting requirement. The Board ultimately tabled the proposal and requested that the NASFAA staff meet with the lending community to see if certain voluntary guidelines could be defined. Dr. Martin convened a working group that consisted of NASFAA members, the National Council of Higher Education Loan Programs (NCHELP), the Student Loan Marketing Association (Sallie Mae), the Consumer Bankers' Association (CBA), the Education Finance Council (EFC), and the American Bankers Association (ABA). Joining Dr. Martin in representing NASFAA on the working group were National Chair George Chin, Past National Chair Charles Bruce, National Chair-Elect David Myette, and David Mohning, director of financial aid for Vanderbilt University.

The working group released a draft of its guidelines for the appropriate relationships between institutions of higher education and the student loan community on April 16, 2004. The guidelines called for students to have complete freedom of choice in selecting a lender, and precluded any action that would hinder processing of a loan application. Educational institutions and the lending community were encouraged to cooperate in providing information on available financial aid as well as in promoting access and educational opportunity. The guidelines advised colleges and universities not to request or accept donations based on a business relationship, not to accept private loan products that were the consequence of student loan business, and not to seek or accept referral or marketing fees based on FFEL applications or loan volume.

The guidelines also called for the loan industry to cooperate with education institutions in developing new technologies and to provide training and instructional materials. However, such cooperation should not result in institutions being given hardware, software, or the funds to purchase them. The guidelines permitted lenders and providers of related services to pay reasonable amounts for the travel, meals, housing, and other expenses of employees of educational institutions in connection with advisory group meetings. The loan industry was encouraged to sponsor activities at conferences as long as they were open to all participants and occurred during regular conference times. Private events sponsored by members of the industry, however, should not take place during regular conference hours. Finally, the guidelines advised educational institutions not to request or accept gifts, meals, tickets to sports or entertainment events of excessive value.

Dr. Martin explained that the guidelines might be viewed as lacking specificity, and that it should be understood that individual organizations lacked enforcement authority over any individual or entity. He noted that the guidelines had been sent to the Department of Education, which had shown an openness to considering community-developed industry practices. Dr. Martin had also met with Assistant Secretary of Education Sally Stroup to discuss the guidelines.

The Board received the FFEL guidelines at its May 2004 meeting.[277] Past National Chair Charles Bruce proposed an amendment to delete from the tenth guideline the language relating to offering or accepting of meals or tickets to sports and entertainment events. The Board adopted this amendment by a close vote of 11 to 9. When asked why meals were not precluded, Dr. Bruce responded that some meals might be objectionable while others were not; the decision of whether to accept a meal should be left to an individual's conscience. National Chair Myette felt that a discussion of each guideline would not be productive. The Board voted on the guidelines with the one amendment, but it did not pass. The Board subsequently decided to submit the guidelines, including the Bruce amendment, to the association's full membership for its comment.

Several of the directors wanted to know how the other organizations that had comprised the working group might react to the Board's action. Dr. Martin responded that any NASFAA amendment to the guidelines would have to go back to the working group. He did not believe that the other organizations would be seeking the input of their members on the proposals.

When the Board met again in July 2004, Dr. Martin reported on what had been learned from circulating the guidelines on the FFEL industry practices.[278] He explained that some respondents felt that by developing guidelines, NASFAA and the other task force organizations were ignoring ED's statutory obligation to maintain oversight over the activities of the lending industry. Dr. Martin suggested a preamble to the guidelines to make it clear that all parties to the guidelines endorsed them. When asked what would occur if NASFAA chose not to approve the guidelines, Dr. Martin responded that he could not predict the actions of the other working group participants; he hoped the guidelines would be advanced. If NASFAA approved the guidelines, they would be promulgated and subsequently reviewed, opened for comment, and revised as deemed desirable.

As the Board discussion continued, Past National Chair Charles Bruce explained that a year and a half earlier he had felt that agreement was possible on the matter of inducements; however now he no longer held that opinion. He predicted that the lenders would do what they thought legal and not what the financial aid community considered ethical.

Dr. Bruce offered a motion to table further discussion of the guidelines. Ms. Laurie Wolf, Chair of the Reauthorization Task Force, explained that her group had not initiated the inducement matter; the issue had been raised by some of the members who were concerned with the behavior of their colleagues. She recommended that if the matter were tabled, the staff should continue consulting with the membership on the issue. Failure to do so, Ms. Wolf felt, would likely cause significant dissatisfaction that the matter had been raised and then tabled.

The Board adopted with some objection Dr. Bruce's motion to table further discussion of the guidelines. Ms. Wolf then introduced a motion, which was ultimately approved by the Board, to return the matter to the Board's agenda in November, but in the interim to request that four steps take place:

1. Staff should discuss with other working group members their options for alternate means of collaboration.
2. A working group of the Board should be selected to consider item 11 of the NASFAA Statement of Ethical Principles, which called for members to adhere to the highest levels of ethical behavior and avoid conflicts of interest or the perception of them.
3. A second working group should be appointed to educate the membership on ethical behavior.
4. Each member of the Board should ascertain ways that the inducement matter could be addressed.

At its November 2004 meeting, the Board engaged in a spirited discussion of the FFEL industry principles.[279] Several directors stressed the need to communicate with the membership on ethical behavior and to develop strategies that emphasized the most appropriate financing methods for assisting students. Ms. Wolf noted that the Institutional Program Management Committee had undertaken the preparation of guidance on how a preferred lenders list should be developed. A member of that committee commented, however, that the committee had not dealt with item 11 of NASFAA's Statement of Ethical Principles because it had not been directed to do so. Executive Vice President Crissman noted the existence of ethical behavior materials that had been prepared by the Task Force on Standards of Excellence. Dr. Martin and National Chair George Chin expressed the shared view that those materials could be revised and a plan developed to promote their extensive use. Mr. Chin also proposed that the NASFAA work groups, which had been recommended in the Board's July resolution, should be appointed and proceed with their assignments. Dr. Martin found some Board support for his view that the inducement issue was really an institutional matter. National Chair George Chin concluded the discussion with his opinion that the July 2004 motion would remain on the table until the Board met in May 2005.

When the Board convened in May 2005, discussion on FFEL lender and institutional relationships continued.[280] National Chair George Chin noted that the Board previously had tabled a motion to adopt the guidelines he believed it unlikely that the guidelines would be approved. He added that the issue would not be reopened unless it was reintroduced, feeling that earlier Board deliberations had established a consensus and that it was inappropriate for the organization to adopt recommendations that pertained largely to the lenders and not the higher education community. He explained that he had requested that National Chair-Elect Gelinas take up the matter in 2005-06 as part of the Association Governance and Membership Committee's consideration of the status of the profession. A Board member stated that it was imperative that the membership be told that the matter was being addressed in ways other than adopting the guidelines prepared by the working group.

At the Board's July 2005 meeting, Reauthorization Task Force Chair Laurie Wolf introduced several proposals pertaining to the reauthorization recommendations.[281] When a director asked about the task force's reference to "excess profitability," Ms. Wolf explained that the phrase referred to inducements and meant that a discussion of the issue would continue. Mr. Gelinas reminded the Board that when it had the opportunity, it had chosen not to approve or reject the working group's recommendation. For all practical purposes, this view meant that NASFAA as an organization would not take a decisive public stand on inducements during the remaining period of this history.

SUMMARY

Although NASFAA had faced difficult times in the past, the period between July 1, 2001, and June 30, 2006, provided particularly complex challenges. The organization was fortunate to be able to count on the effective and experienced leadership of its president, a dedicated and knowledgeable staff, five very capable national chairs, and a diligent Board of Directors that mirrored the growing diversity of the financial aid community and the students it served. At the center of NASFAA's numerous activities were its committees and task forces, which developed and monitored programs and policies. No changes were made in the basic structure and governance of the organization during the period.

Despite a general slowing of the national economy, the number of NASFAA members remained stable and no statistically significant change occurred in any of the membership categories. In 2001-02, total membership stood at 2,988, of which 2,733 were institutional members. By 2005-06, the comparable figures were 2,868 members and 2,624 institutional members, respectively. Most of the change can be attributed to shifts in how institutions defined "multi" versus "branch" campus.

The association experienced serious financial distress in the early part of the five-year period, threatening the continuation of several of its programs and services. In 2001-02 expenses surpassed revenue by $400,199. By 2005-06, however, revenue exceeded expenses by $2,049,955. Several factors contributed to the improvement, including an increase in membership dues; increased income from the national conference; and a growing number of sponsorships, contracts, and grants. NASFAA drastically altered the manner in which it assessed membership dues in 2005-06, moving to a tiered dues approach under which the amount a member paid depended on the number of services it selected.

Several Board members expressed concern over the growing reliance on sponsorship to fund the association's activities and programs. Staff assured the Board that all sponsorship contracts would be well understood and transparent. Clearly, projects like the necessary expansion of web services and the development of training initiatives like Learnstudentaid.org could not have taken place without sponsorship support.

The five-year period saw important advancements in training and research. Improvements in NASFAA's web capabilities made possible the delivery of the sophisticated and personalized financial aid training product called Learnstudentaid.org. For a nominal fee, financial aid administrators could receive training at their own convenience and pace, saving institutions the expense of travel and accommodations at an off-campus training site. This new form of training allowed NASFAA to cancel its series of in-person spring training workshops while retaining its fall training series.

Kenneth Redd, director of Research and Policy Studies, led NASFAA's investigations of critical issues like college access, attracting low-income students to private colleges, and the effects of need analysis procedures on emancipated students. He also guided reoccurring studies like SUFAPPP and SOGAPPP, and was instrumental in expanding the Sponsored Research Grants Program. His prominence in the academic research community also assisted the Research Committee and increased research-centered submissions to NASFAA's periodicals.

NASFAA continued to enjoy productive relationships with most of the national higher education associations throughout the five-year period, and often collaborated on research, projects, and advocacy initiatives. The association occasionally found itself at odds with some of these organizations, however, on themes such as whether aggregate undergraduate borrowing limits should be increased.

Partnerships, grants, and contracts gave the association the opportunity to increase its involvement in several significant access and outreach endeavors. It partnered with the USA Funds in 2001 to prepare materials for guidance counselors to help middle-school students develop academic and career objectives. In 2004 the association received a generous grant from the Lumina Foundation to assume management of College Goal Sunday for three years. A year later, NASFAA joined with several other organizations deeply committed to college attendance and persistence by becoming a member of the Pathways to Knowledge Network.

NASFAA also maintained vital relationships with several branches of the federal government. The Higher Education Act of 1965 (HEA) authorized the Title IV programs, and Congress typically revised and renewed this legislation every five years. In anticipation of the expiration of the law on September 30, 2003, NASFAA's Reauthorization Task Force, along with the association's officers, directors, staff, and many NASFAA members, labored tirelessly to produce over 200 recommendations intended to improve the Title IV programs. With the exception of a couple of the recommendations, one of which dealt with inducements, the work was completed by the end of November 2002, well before the recommendations had to be sent Congress.

Congress failed to reauthorize the HEA, making it necessary to resort to continuing resolutions each year. In the meantime, two significant pieces of legislation enacted in 2006, the Deficit Reduction Act of 2005 and the Emergency Supplemental Appropriations Act of 2006, yielded positive results, increasing loan limits, permitting more flexible loan disbursements for institutions with low loan default rates, and adopting other recommendations that had been included in NASFAA's reauthorization proposals. The Deficit Reduction Act called for lowering the federal government's mandatory spending by $40 billion over five years. Of this, a total of $22 billion was to come from the student loan programs, primarily from what was termed the excessive subsidies being paid to private lenders.

Although the period opened with a federal budget surplus that suggested increased funding for the Title IV programs, a growing deficit soon replaced this surplus. The deficit largely resulted from the costs of the "War on Terror," income tax cuts, hurricane disaster relief, and a slowing economy. The Bush Administration's plans to lower the deficit included reducing some student aid expenditures, eliminating LEAP, and ending federal capital contributions for Federal Perkins Loans. While campus-based aid suffered significant reductions during the period, enough support for these programs in both houses of Congress prevented their elimination.

Partisanship in the Congress grew so intense that the appropriation bills that supported various government departments were rarely passed in a timely fashion, making it necessary to resort to continuing resolutions and omnibus appropriations. Although the Title IV programs experienced some reduced funding levels, Democrats and Republicans in Congress cooperated enough to prevent even more horrendous financial cuts and to avert the elimination of most programs that the Administration wished to discontinue.

NASFAA often found itself at odds with ED during the five-year period. For example, despite their mutual desire to coordinate annual training schedules, ED and NASFAA failed to reach a workable agreement. Other significant differences arose over reconciling conflicting information and verifying FAFSA data using federal income tax data. A larger rift appeared to be forming when ED, which had regularly exhibited at NASFAA's National Conferences for many years, failed to exhibit in 2004 and 2006, explaining its absence as due to a shortage of funds. Reports also surfaced that ED planned to expand and generalize its annual Electronic Access Conference, potentially placing it in competition with the association's National Conference. Despite these challenges, Dr. Martin asserted that NASFAA would continue to reach out to ED in productive cooperation. NASFAA nonetheless maintained a cordial relationship with key ED personnel, many of whom had been financial aid professionals at NASFAA-member institutions. For example, ED Director of Policy Jeffrey Baker regularly presented the ED update at NASFAA Board meetings and provided guidance to NASFAA's Board, staff, and members. Other former NASFAA leaders who served as ED officials included Past President Mary Haldane, and Past National Chairs Claire "Micki" Roemer and Kay Jacks. The first-hand, practical knowledge these ED officials brought to their roles at ED allowed NASFAA and ED to hold more targeted discussions resulting in more effective regulations and guidance.

This five-year period in NASFAA's history ended with the economy slipping toward a pronounced downturn, reauthorization still pending, and the volatile issue of lender inducements unresolved. Research, discussion, and recommendations made during the period, however, laid the groundwork for NASFAA to respond to the challenges of the coming five-year period, which would see each of these simmering issues come to a boil.

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