

MASFAP MONITOR

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SEPTEMBER 27, 2006

LETTER FROM THE PRESIDENT

By Brad Gamble

MASFAP President

After a weekend during which I did not receive a check in the mail from a wealthy deceased relative (not that I have any), I find myself back at my desk working on my calendar for the upcoming year. Helping my cause was a postcard reminding me of the upcoming MASFAA Conference with the caption of "It's about students". For me this caption has a special meaning since my eldest daughter moved ten hours away to start college.

Even though I have been in financial aid for a number of years it really brings the financial aid process home when it relates to you personally. I have always heard the saying 'a recession is when the economy is bad and your neighbor loses a job and a depression is when the economy is bad and you lose your job.' The same can be said for the financial aid process as it applies to working with students in the office, versus having to put your own financial history online for

what seems like the whole world to see.

In working through the process of completing the FAFSA and then waiting for the results to see if my daughter could afford to attend the college of her choice, it helped me to understand the fear and apprehension that I see not only in faces of prospective students but also in the faces of the parents. I also was amazed at the complexity of the financial aid process relating to the individual school as I tried to work within their system. Even though the ultimate result was the same, each school has a slightly different methodology of reaching the same goal.

With this in mind, try to put yourselves in the shoes of the student or the parent when they are sitting in front of you, or on the phone. Remember to take the time and make them feel as if answering their question is the most important thing that you have to accomplish for that day. I will try to do this in hope that ten hours from here someone may treat my daughter in the same manner.

As I bring this letter to a close I would like to encourage each of you as you make higher education possible for the students across the state, and trust that each of you will survive to work another day.



MASFAP Fall Conference
November 5-7, 2006

**SAVE THE
DATE!**

**COLLEGE
GOAL
SUNDAY**

**FEBRUARY 11,
2007**

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REMINDER OF MASFAP LISTSERV POLICY

The MASFAP ListServ discussion group has been established as a communication tool to allow for the timely exchange of information and problem resolution by MASFAP members.

Topics of discussion might include: automation within the financial aid community, the use of professional judgment, interpretation and impact of federal regulations,

and institutional policies and procedures. The posting of aid-related position vacancies is also permitted. Most topics associated with the administration of financial aid are fair game for discussion.

Certain discussion items are NOT appropriate for this discussion list. These include non-financial aid related discussions and inappropriate private (personal) business

matters. All marketing and advertising for individual businesses is prohibited. Questions regarding the use of this listserv should be directed to the Technology Chair, Paul Schwartz, with any further review to the Executive Board. Penalty for misuse of this service is at the discretion of the Technology Chair and the Executive Board.

HURRICANE VICTIM SCHOLARSHIP RECIPIENT #6

Seth is from Grand Chenier, Louisiana, a small country town along the gulf coast. Hard times struck his family when Hurricane Rita came to shore. The hurricane left his home town in ruins. During the evacuation, Seth's parents were able to save some clothes, and a few items with sentimental value such as family pictures. But the storm surge reached as high as thirty

feet in some places, and whole houses were lifted from their foundations and pushed miles back from the shore line into the surrounding marshes. The only thing left of Seth's family home was the cement slab where the house once stood. The family was unable to find any other remains of their home. After the storm, his parents lived in a camper on family land. Seth

came to Missouri Valley College to attend school. He says "During this devastation, my family and I have received tremendous support from MVC and the town of Marshall. They have all helped make these tragic times a little easier."

THE WORLD WIDE WEB AND MAPPING YOUR FUTURE CELEBRATE ANNIVERSARIES THIS YEAR

Mapping Your Future (MYF) is celebrating its 10th anniversary this year as one of the earlier sites on the World Wide Web. Meanwhile, the World Wide Web turned 15 years old.

It was on August 6, 1991 that Tim Berners-Lee formally introduced the World Wide Web project to the world on

the alt.hypertext newsgroup. When MYF debuted at mapping-your-future.org ten years ago, it was one of about 340,000 web sites. Many web sites have come and gone during the past ten years, but today MYF is among more than 9.2 million.

Thanks to the support and work of Sponsors, Friends,

and others in the financial aid industry, as well as its many visitors, MYF has grown steadily since its debut. MYF has provided college, career, financial aid, and financial literacy information through the years, developing new information and services to meet the needs of users as new technologies became available.

WHERE IN THE WEB?

THE EXPENSE REIMBURSEMENT AND TRAVEL EXPENSE CLAIM FORMS HAVE BEEN POSTED ON THE MASFAP WEBSITE UNDER 'ONLINE FORMS.'

WWW.MASFAP.ORG

The MASFAP Monitor is brought to you by:

The Technology and Communications Committee

Paul Schwartz, Chair
Janice Barnes
Jan Brandow
Keith Broadus
Larry Doggett
Jenny Hendrickson
Gurleen Kaur
Pam King
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The Monitor is co-edited

by Pam King and

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WHAT DOES IT TAKE TO BE A SURVIVOR?

By Lori Hartman, Program Committee Chair

It takes wit, will, effort, endurance, strength. It takes perseverance. It takes heart. It takes knowing the right information at the right time, or at least knowing where you can find it. Or in some cases knowing the right person who will know, or know where to find it.

And lately, we have a lot more we need

to know in Financial Aid.

Let us help you survive this latest round of changes. Let us help you survive the day to day stresses of the profession.

Let us help you get the answers you need to the questions you have. Join us for

SURVIVOR—Ozark Mountains!

The MASFAP Fall Conference is sched-

uled for November 5-7. If you haven't registered yet, better do it soon. The Program Committee has some great rewards in store for those that attend. Check out the tentative agenda and session topics on the MASFAP web site. Get yourself registered, and make your room reservations.

See you in November, if you can survive until then!

TIDBITS

Karen Cassmeyer, program specialist for ATOM, announced her resignation effective July 14, 2006. Karen has accepted a position as a Planner II for the Floodplain/Mitigation Branch of the State Emergency Management Agency.

Ozark Christian College has hired Laura Ames and she began July 24th.

Rowdy Pyle at Ozarks Technical Community College was promoted to Director of A+ Program, effective July 1st.

Kim Cary at Ozarks Technical Community College was promoted to Director of Financial Aid, effective September 1st.

Lisa Sullivant started with MDHE as Client Rep for the Northwest region on August 18.

Barb Ulrich started her new position as a Market Manager with US Bank on July 10.

Chris Rethlake at UMSL has left Missouri for Ohio State University. Chris will be greatly missed by her UMSL and MASFAP family.

Leesa Taylor has joined Cox College as a Financial Services Office Assistant.

Michelle Brandt is the new MDHE Client Service Rep for Southwest region beginning August 15.

Michelle Holt recently left Missouri State University for a new position with Powerfaids that allows her to spend time at home with her family.

Larry Viterna began a new job with College Board in August.

Mindy Beckley-Hager started working with Student Capital Corporation in July.

Jeff Ford at Ozarks Technical Community College was promoted to Assistant Dean of Financial Aid, effective July 1st.

Lisa Siudym joined the staff of Missouri Western State University in August as the Director of Financial Aid.

Angie Beam at MWSU is the proud parent of a baby girl. Kayla Marie, 8 lbs. 3oz. was born Saturday, July 29th at 3:52 p.m.

Kristine Lester has been internally promoted and is now a coordinator at UMKC.

Esther Lehman, formerly a work study student, has been hired as a full time Financial Aid Advisor in the UMKC office.

Darlene Palmer has been promoted to Assistant Director at Central Bible College.

Ashley Peggins has been promoted to Loan Counselor at Central Bible College.

Erin Elders recently began her financial aid career in the office at Central Bible College.

Katie Lewis from Commerce Bank has a new baby girl. Kaylee Ann was born on August 15. At birth, she weighed 9 pounds and 1 ounce, and she was 21 ½ inches long! Katie, Cody, and Kaylee are all doing great!

SEVENTY-FIVE CENTS WORTH OF CHANGE...

By Randy Frazier

I've heard it said that the term, "Rural Arkansas," is a redundancy. It's not that we don't have really nice cities in Arkansas; it's just that you don't have to get far out of the city to start appreciating the word "rural."

Last Saturday my wife and I stopped by a small country store, (another redundancy), and picked up a copy of our local county-wide newspaper. Now this is a wonderful little literary jewel. It comes out once a week and fills everyone in on everyone else's business. For 75 cents you get it all. There's the judging results from the County Fair; pictures of kids standing next to the carcass of their "first buck;" details about who got mad at the School Board meeting; and descriptions of every garden tiller for sale within a 20 mile radius. I love it.

You also find out who went shopping at Wal-Mart last Wednesday; where they had lunch; and enough details about their latest hospital stay to make any HIPAA official curl his toes and drop over with a heart attack. (...the full details of which would be reported in next week's edition.)

To my wife's astonishment she spied, right there at the top of page 10, an article saying that our local Electric provider was planning a two hour "power interruption" starting at 6:30 tomorrow morning. Excuse me... did you say tomorrow morning?

Yikes! We were having company after church that Sunday, so suddenly a lot of last minute chores got moved way up in priority. Sure enough, at 6:30 Sunday morning, (we know because we were still cleaning things up), the lights blinked, backup batteries beeped and darkness descended.

Which brings me to my point: even with 75 cents worth of advanced warning, neither my wife nor I remembered to put more oil in our little emergency oil lamp. (If vacuum cleaners ran on oil we'd have probably remembered.)

So what does all of this have to do with being a "Survivor" in today's world? Everything.

Historians tell us we're in the opening stages of the third great wave of change since the start of recorded history. Interestingly enough, this age has been dubbed, "The Information Age." (Probably by the folks who publish our local County newspaper.)

So here's the problem we're all facing: No matter how much you know about the Information Age, you've got to deal with the fact that you don't know what it is that you DON'T KNOW about the information age. If you knew what it was that you didn't know, you could probably look it up on the Internet. As it is, we just don't know exactly what it is that we should be looking up!

Every day, a lot of people in this country are waking up to the news that their jobs, the way they've always made their living, have become obsolete. Most of us think that no new technology, or low cost alternative out of Bangalore, India, could possibly take our place in the job market. Yeah, right.

If it hasn't happened to you yet, you might want to invest 75 cents and pick up your local county newspaper. Actually, you shouldn't miss any good opportunity to find out what is changing. And even with an advance warning, don't be surprised if you forget to put oil in your lamp. It happens all the time.

In his groundbreaking book, *The World Is Flat*, Thomas Friedman makes a convincing case that the Internet has "leveled the playing field" for virtually every profession. Can you think of any profession that hasn't been affected by the Internet? How many subjects can you Google and not come up with information?

I've got some good news about this unprecedented time of change. It's true that many people think this tsunami wave of change is a crisis; but there are others saying it's the best time ever to not only survive, but to thrive. I like the viewpoint of Stanford Economist Paul Romer, who says, "A crisis is a terrible thing to waste."

I hope you'll take the opportunity to join us on November 5th for what I think will be an entertaining and informative keynote address on the subject of CHANGE. And what title do you think I'd give a keynote address on the subject of change? How about, "You Can Keep the Change..." I'm looking forward to being with you.

Randy will be our opening speaker at this fall's MASFAP Conference.

MASFAP CANDIDATE STATEMENTS

ANNA FLIGGE, CMSU

PRESIDENT-ELECT

It's an honor to be nominated for this position. It's also humbling to be in the company of Michael and Amy. I had a hard time deciding whether to run or not. I just didn't know if I had anything to express to everyone to make a difference. I was still trying to make up my mind when a friend and former student called. She was in town for a short visit and wanted to have lunch.

After some hesitation (it was August!), I agreed. We met and, to my surprise, were joined by another former

student and friend. These two young women sat across from me and began to relate the stories of their successes in the recent past. I know both of them pretty well and I knew that they'd had to work very hard to be where they were currently at in their lives.

As they continued, I thought about the part financial aid had played in their success. Knowing them as I do, I realized they couldn't have made it through college without it. I felt a real joy in knowing that what I'd done

had helped them achieve the successes they were discussing. That was the moment I made my decision.

Sharing that joy is what it's all about to each of us, no matter what we do in the world of financial aid. It's that joy that I feel we need to share with each other and our colleagues. And if I'm the successful candidate for president, it's that joy that I'll attempt to communicate.

Thank you again for the nomination. JOY!!

MICHAEL SMITH, UMSL

PRESIDENT-ELECT

I have been a member of MASFAP for 18 years and experienced the association as both an associate and school member. It started when I was employed at Educational Employees Credit Union (now Vantage Credit Union) as the student loan officer and briefly as a marketing rep for Commerce Bank. In 1984, I began working for the Urban League of Metropolitan St. Louis when I co-wrote a grant to develop and direct a one-stop information resource center for high school students. The College Resource Center (CRC) provided access to resources for first-generation college students and their families. Later the CRC became the basis for MOHELA grants that are given to universities to provide computer based financial aid resource centers on campuses.

In 1998, I began work for UMSL. I started in the Office of Multicultural Relations and acted as an advocate for students needing academic and financial assistance. I worked closely with the financial aid office at UMSL and in 2003 transferred as a Coordinator full-time to the Office. I was promoted to Associate Director in November 2004 where I continue to serve as a student advocate.

As a MASFAP volunteer I started as a member of the Program and Early Awareness Committees. In 1997, I was appointed as Chair of the Early Awareness Committee. As Chair, the committee applied for and received a \$2000 grant from the Lumina Foundation to be used for the Early Awareness Committee project. Then

in 2002 I was elected to a 3-year team as delegate-at-large for 4-year public universities. Presently, I have the pleasure of serving as Chair of the College Goal Sunday Committee.

Throughout my career one constant has been my association with MASFAP. The association has been an integral factor in my success in financial aid. MASFAP has presented me with opportunities that have enhanced my career and challenges that have enhanced my character. The relationships I have built with fellow members have enriched my life and are enjoyed outside of our bi-yearly meetings at the Lake. If I am chosen as president I hope I can give back to the members of MASFAP as much as received from my association with this great organization.

AMY HAGER,
MOBERLY
AREA
COMMUNITY
COLLEGE

PRESIDENT-
ELECT

I am honored and flattered to be nominated to run for President of MASFAP. This is a great organization of which I am proud to be a member. I have worked in the financial aid profession for fifteen years; the last nine have been at Moberly Area Community College. MASFAP has proven to be a positive influence in my career and has given me opportunities to grow both personally and professionally. I have had the opportunity to serve MASFAP as Secretary and most recently as Delegate-at-Large for the 2-year/Community Colleges; I have also served on the Program and Early Awareness committees. If elected to this position, I vow to do my best to serve the MASFAP and will strive to promote the highest integrity of the association and personal and professional growth opportunities to all in our community. Thank you again for this opportunity.

MICHELLE MOHN, CHAMBERLAIN COLLEGE OF NURSING VICE-PRESIDENT

I am so excited for the opportunity to serve more within MASFAP. I have been in financial aid for nine years and have seen many changes take place. We have such an incredible opportunity to assist students with their education. There is so much frustration, confusion, and concern in funding a college education. I enjoy being in a position to assist students and their parents, helping them navigate the process. I have been with Chamberlain College of Nursing (formerly Deaconess) for over four years and have been able to make many positive changes that have impacted our students. I am within a year of achieving my master's degree in Management and

Leadership. As most people know I also host exchange students from a variety of countries. This gives them the opportunity to experience American high schools. I have learned interesting facts about international education systems and many of the kids find our post-secondary education system interesting as well.

I have been actively involved in MASFAP for nine years and have participated in a variety of committees. I currently chair the Newcomer's Committee, what an incredible experience to work with our MASFAP newcomers. I have served for four years on the Program Committee. I have

also been involved with College Goal Sunday, the Newcomers Committee, and I am currently on the MASFAA site committee for October 2007. I believe that participation greatly heightens awareness of what is going on in the industry. It also gives us the opportunity to learn more and it enables us to more effectively help students. I am so grateful to have had the opportunity to participate within MASFAP. I look forward to continuing to serve within MASFAP and encouraging all members to participate. I want to share my enthusiasm for what we do with everyone I meet and be involved in any way I can.

YOU'LL BE ABLE TO CAST YOUR VOTE FOR THE MASFAP EXECUTIVES ONLINE.

WATCH THE MASFAP LIST-SERV IN OCTOBER FOR MORE INFO.

KATHY WHITE, EVANGEL UNIVERSITY VICE-PRESIDENT

I would consider it an honor and a privilege to serve as the MASFAP Vice-President, particularly during the celebration of our 40th anniversary. Having been a part of the Program Committee for three years, I have seen first hand the hard work and commitment this position would require, and am ready for the challenge! In addition, I have served as Delegate for the Private Institutions and on the Professional Development Committee.

I'll celebrate my 31st wedding anniversary October 3rd. I have two children, both married and my third grandbaby on the way and I LOVE being a

grandma!! I have been in the financial aid profession for 16 years and have literally worked my way up from the bottom of the totem pole. I've been the director at Evangel University for the past 10 years and currently manage a staff of eight plus a dozen work-study students. In addition to the normal financial aid office functions, we also facilitate all institutional aid, the Federal Work-Study and the Federal Perkins Loan repayment programs within our office.

If elected Vice-President, it is my desire to make our 40th year a memorable one. I would like to go "back to the

basics" and build on the FA 101 sessions that we currently provide newcomers. I would like to provide some of the core basics right down to determining if a student gets a Sub or Unsub loan, how to certify a loan application, what's an over award, what's campus based aid, etc.; making sure we help so they know how to do their job more efficiently and with a sense of expertise!

For those that have been in the business for a bit longer, we'd kick it up a notch! I would like to provide a series of Professional Development sessions from the resources we have readily available to

us. Tools for management, how to build a successful team, what's my management style, etc.-information that can be taken back to the office and put into practice in every day practical applications.

Again, I would consider it a privilege to serve you, work closely with Brad and build upon the excellent foundation laid before me. I believe that I could be an asset to the association!

Thank you for your vote!

MELISSA HOGAN, WEBSTER UNIVERSITY
SECRETARY

I am excited to be running for a position on MASFAP's board. Ten years ago I remember sitting in the room glancing up at the board members. I was inspired by their dedication and spirit conveyed to all the conference members. I am proud to be in the profession of financial aid and feel it's my duty and honor to become as

active as possible in the organization.

I have had the privilege to serve on the following committees: Professional development, Early awareness, and Program. Fall 2005 conference I conducted a workshop on customer service. The research I conducted helped to strengthen my own customer service skills. The best

part was imparting gained knowledge to other colleagues.

I feel privileged to be associated with a wonderful, professional organization and commit my time and services to you.

Your vote will be sincerely appreciated-thank you!

CHRISTAL WILLIAMS, KANSAS CITY ART INSTITUTE
SECRETARY

It is truly an honor to run for the Secretary of MASFAP. I have been employed in the Financial Aid profession for almost eleven years. I began my Financial Aid career as a work-study student in the Financial Aid Office at Avila College and in 1995 I began a full-time staff position. I

served five years at Avila as a Financial Aid Specialist and later as the Coordinator of Financial Aid Services. Currently, I am the Director of Financial Aid at the Kansas City Art Institute. August 1, 2006 marked my six year anniversary at the Kansas City Art Institute.

The MASFAP Association is a wonderful organization that has given me so much knowledge and experience in the Financial Aid industry. If I am given the opportunity to serve as Secretary, I will give my all to do the best job I can to serve the MASFAP organization.

RACHEL TOUCHATT, STEPHENS COLLEGE
TREASURER

I am very honored to be nominated for the MASFAP Treasurer-Elect position! I initially began my Financial Aid career in 1998 as a Financial Aid Assistant. I became the Director of Financial Aid at Stephens College in 2002. I have attended MASFAP conferences for the past 7 years and feel that the education that I have received has con-

tributed to my growth and professional career. I have previously served on the MASFAP Newcomer Committee and also assist as a moderator. I am thankful for this nomination because I would love to serve MASFAP in the capacity of Treasurer-Elect. I look forward to the opportunity to further contribute to the future of MAS-

FAP and all that it provides to my colleagues and the Financial Aid community.

[Note: The second nominee for this position had to be removed from the ballot as at the present they are no longer employed in the financial aid profession]

JOHN MATTHEWS,
STATE FAIR COMMUNITY COLLEGE

DELEGATE

I want to be your voice as your delegate at large for two year schools. In my relatively short time in the financial aid arena I have learned a considerable amount from my fellow MASFAP members. This is my opportunity to give something back to you and our wonderful organization. As your representative, I pledge I will work hard and will bring my many years of experience in working with people to improve our organization.

KIM CARY, OZARKS TECHNICAL COMMUNITY COLLEGE DELEGATE

Thank you for allowing me this opportunity to share with you about myself for the Delegate-at-Large nomination. I started my financial aid career with Great Southern Bank Student Loan Department in 1992. From there, I moved to Ozarks Technical Community College Cashier Department in 1993 where I processed financial aid as a disbursement

clerk. As I continued my education, I moved to the Financial Aid department in 2000 where I finally found my home as a financial aid advisor. Currently I am serving our students as their Director of Financial Aid.

As I made my transitions, it became clear to me the financial aid industry is where I would place my career choice. As a student and a

financial aid recipient, I know first hand how financial aid plays an important role in helping students to realize their dreams as I was able to realize mine. Within the MASFAP organization, I found colleagues with the same passion for students and it has provided a link for friendships to develop between our various institutions. MASFAP has and will

continue to be a valuable source of professional development.

I have seen how newcomers are welcomed and nurtured into your organization. They leave the conferences feeling a sense of community and family.

I welcome the opportunity to serve as your Delegate-at-Large and to be a part of your growing organization.

HELEN NAUMAN, ST. LOUIS COMMUNITY COLLEGE – MERAMEC DELEGATE

Thank you for this opportunity to run for the two-year delegate of MASFAP. Currently, I am the manager of Student Financial Aid at the Meramec Campus of St. Louis Community College (SLCC). I have been employed by SLCC for twenty years, the first part of my career on the registration/admission side

and latter on the financial aid side. This breadth of experience has benefited me in my daily decision making. This past spring I completed my Master of Arts in Management for Community Colleges. I have always believed and experienced that in the financial aid arena we help each other. May it be MAS-

FAP, MASFAA or NASFAA, my encounters with my colleagues have been positive. Internal and external communication is an integral part of conversations with other community college directors/managers and colleagues from four-year institutions that contribute to my knowledge base.

We are involved with financial aid to support the success of the students and this reward is empowering. I look forward to this new challenge. Thank you.

BECKY WHITHAUS, LINN STATE TECHNICAL COLLEGE DELEGATE

It is an honor to be nominated for the 2 year delegate position. When I began as the Director of Financial Aid at Linn State Technical College, it was my first experience with financial aid from a college perspective. I quickly

realized how inviting other financial aid professionals were to me, especially those in the 2 year sector that were experiencing some of the same challenges I was. I've grown to greatly appreciate what a wonderful organiza-

tion MASFAP is. The members of MASFAP are so knowledgeable and are so willing to share that knowledge. Since I have gained so much assistance from the members of this organization, serving as the 2 year delegate of

MASFAP would allow me to give something back to the organization and its members. I would appreciate your vote.

TWELVE TIPS CAN HELP PREVENT IDENTITY THEFT

Submitted by Brent Carpenter,

USA Funds Services

Identity theft is a crime in which someone wrongfully obtains and uses another individual's personal data for personal or economic gain. Criminals fraudulently use the identity of others to obtain credit, identification cards, driver's licenses, birth certificates, Social Security numbers, travel visas and other official government papers.

Identity theft can have devastating consequences for the victim, who may face long hours of closing bad accounts, opening new ones and repairing wrecked credit records. In addition, it may take significant out-of-pocket expenses to clear a victim's credit and legal standing. In the meantime, victims may be denied jobs, credit, access to financial aid or college admissions, housing and auto loans, or even be arrested for crimes they didn't commit. Unfortunately, the experience of thousands of victims is that it often requires months, and even years, to navigate the frustrating identity-recovery process.

USA Funds^o University offers the following 12 tips to help you and your students avoid becoming identity-theft victims:

1. Carry only necessary personal information; don't carry your Social Security card unless you have an immediate need to use it.
2. Cancel credit-card accounts no longer in use.
3. Report lost or stolen credit and debit cards immediately, asking that those accounts be closed and new ones opened to replace them.
4. Cut up old credit and ATM cards before discarding them.
5. Carefully review all bank and credit-card statements to be sure that all transactions are legitimate.
6. Carefully discard ATM and credit-card receipts.
7. Do not write PINs on any ATM or credit cards, and don't carry PINs with the cards.
8. Sign credit and debit cards in permanent ink as soon as they are received.
9. Do not preprint driver's license, telephone or Social Security numbers on checks.
10. Report lost or stolen checks immediately, asking the bank to block payment on any check numbers involved and reviewing new checks to ensure that none have been stolen in transit.
11. Be aware of any missed or untimely delivery of statements or other expected financial correspondence.
12. Review credit reports regularly. Free copies of credit reports are available annually from each credit-reporting agency. Individuals should check the reports for accuracy. In addition, consumers can visit www.annualcreditreport.com to request free copies of their reports.

CREDIT CARDS: THE GIFT THAT KEEPS ON GIVING

By Lisa Mitchell

President, Sallie Mae Central Region Sales

The start of a new academic year means students everywhere will be greeted by more than just their new roommates. Credit card representatives are likely to be on hand as well, setting up shop on college campuses as they hand out freebies such as T-shirts or water bottles in exchange for the signature of students who sign up for a credit card.

College students, particularly freshmen, are a prime market for credit card companies. While the majority of college students are in fact responsible users of credit, credit cards can spell trouble for some young consumers.

A study conducted by the U.S. Public Interest Research Group (PIRG) revealed that students who obtained a credit card at on-campus tables have higher unpaid balances than those who do not. Many of these same students pay only the minimal balance each month, which can quickly lead to incurring excessive debt. Moreover, students who abuse credit cards at the onset of college may unknowingly suffer long-term consequences—from damaging their credit to lessening future chances of purchasing big-ticket items such as a car or home or even securing student loans for additional education.

“Although many students understand and manage the responsibilities of borrowing, there is some apprehension that some students are setting themselves up for financial failure even before graduation,” says Marie O’Malley, Vice President of Marketing for Nellie Mae. “Without assistance, these students may not have the know-how to borrow wisely on the front end nor the income to honor their credit obligations after they’ve borrowed.”

A newly released study from the American Council on Education (ACE) on credit card ownership and college students offers further insight. Findings from *Credit Card Ownership and Behavior Among Traditional-Age Undergraduates, 2003-04* showed that the likelihood of owning a credit card increases as students progress through their academic careers. While 43 percent of first-year undergraduates owned credit cards, the figure rose to 74 percent for fourth- and fifth-year students. Further, students became more likely to hold multiple cards as they advanced through college. In the first year of college, only 8 percent of all undergraduates owned three or more cards. By the fourth or fifth year, 24 percent of students held that many cards.

Interestingly, the ACE study found that students with credit cards were not significantly more or less likely to borrow student loans than those who did not have a credit card. Students who carried a balance on their card were somewhat more likely to also have borrowed a federal student loan than those who paid off their credit card balance each month (42 percent, versus 34 percent), suggesting that these students may have turned to credit cards to augment what they had borrowed through student loan programs.

A number of colleges and universities have taken on the issue of on-campus credit card marketing, offering money-management and financial literacy programs during freshmen and parent orientation or providing similar information in bookstore shopping bags, to help students fully understand the ramifications of credit. Some schools, including Lehigh University and the University of Wisconsin, ban on-campus credit card marketing altogether.

“Students should expect to be deluged with credit card offers while at college, particularly at the start of the new academic year,” says O’Malley. “These offers will be mailed to them, will pop up on Web sites and will also be on campus.” And it would be ideal if credit card companies agreed to take a more conservative lending approach to students to prevent them from getting too deeply into credit card debt while in school.

“More practically, however, students need to learn how to manage financially. Credit cards and other borrowing options will continue to be available to them while they are in college, and after they graduate. Credit card use and borrowing money have become common practices in American society and aren’t going to cease. The wisest course is to teach students to limit credit card usage and to borrow wisely.”

For more on credit and college students, visit these consumer and education Web sites:

Federal Trade Commission, www.ftc.gov/bcp/conline/edcams/credit; FTC’s Project Credit Smarts, www.ftc.gov/creditsmarts; Consumer Bankers Association, www.cbnet.org/issues/financial_literacy/financial_literacy.html

2004 OFFICIAL COHORT DEFAULT RATES ANNOUNCED

The Department sent 2004 **cohort default rates** to schools on Sept. 11 and formally announced the national 2004 cohort default rate on Sept. 13. The national student loan default rate for FY 2004 is the second-lowest rate recorded at **5.1%** - a slight increase from FY 2003's record low of 4.5%. (The rate 14 years ago was at an all-time high of 22.4%.)

Average default rates among major sectors were:

- 8.1% - public two-year colleges, up from 7.6%
- 8.6% - proprietary colleges, up from 7.3%
- 3.5% - public four-year colleges, up from 3.3%
- 2.8% - private four-year colleges, up from 2.6%

FSA has posted a revised cohort default rate guide on its Web site:

<http://ifap.ed.gov/DefaultManagement/finalcdrg.html>.



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