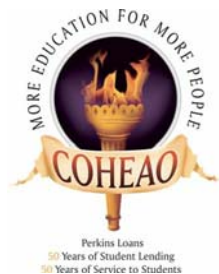


The



Torch

January 23, 2009

A bi-weekly report from the Coalition of Higher Education Assistance Organizations

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COHEAO News

COHEAO Conference Begins This Weekend!

The COHEAO Annual Conference begins this weekend. For those of you that will be traveling to the nation's capital we look forward to seeing you. The conference will be at the Ritz-Carlton Pentagon City in Arlington, Virginia from January 24 through January 28.

Members of Congress, key Congressional staffers, officials from the Department of Education, and sessions on two Federal Trade Commission issues—identity theft “red flags” and the use of cell phones in collecting debts—will highlight this conference.

COHEAO Scholarship Open For Applications

COHEAO is accepting applications for the 2009-2010 scholarships. Scholarships are awarded to undergraduate students who attend COHEAO member institutions. Scholarship recipients are chosen by the Scholarship Selection Committee made up of representatives from COHEAO member schools and institutions. The application deadline for the 2009-2010 scholarships is March 21, 2009. A flyer suitable for printing and posting is attached to the Torch.

Scholarships are awarded to undergraduate students who attend COHEAO member institutions. Scholarship recipients are chosen by the Scholarship Selection Committee made up of representatives from COHEAO member schools and institutions.

All proceeds from the Silent Auction at this year's Annual Conference will go towards the COHEAO Scholarship Fund and will be used to fund scholarships for needy students. In recent years, the funds raised for the COHEAO scholarship have helped students at UC Berkeley, Gonzaga University, Northern Arizona University, UCLA, Iowa State University, Yale University and others. Carl Perry and Bill Cantalope have agreed to emcee the auction – OK it may turn into a noisy auction at some point -- to help raise money for college students!

Get Your Winter Fashions at the COHEAO Store

It's winter and that means it's time to update your wardrobe with the latest from the COHEAO store, <http://www.westernprinting.net/coheao>, where you will find high-quality clothing and outerwear bearing the distinctive COHEAO flame logo. The net proceeds from the sale of the clothing will go to the COHEAO scholarship fund, which awards \$1,000 scholarships every year to deserving students with financial need who are attending COHEAO member institutions of higher education. Check it out today and help yourself – and a student who can really use the assistance.

Congress

Following Inaugural, Focus Turns to Stimulus Package

While most of the week in Washington was appropriately focused on the historic inauguration of Barack Obama (and the crowds approaching 2 million that descended upon Washington for the festivities), after the inauguration, the new President and the 111th Congress got back to work.

In addition to the confirmation of several Cabinet appointees, Congress continued work on the “America Recovery and Reinvestment Act,” H.R. 1. The House Appropriations Committee and the House Ways and Means Committee marked up their portions of the legislation, and Senate Finance Committee Chairman Max Baucus (D-MT) unveiled his Committee’s version of the tax provisions of the bill. The Senate Appropriations Committee is scheduled to mark up its spending proposal for the stimulus package next Tuesday, and additional details will be available at that time.

Seeking bipartisan support for the stimulus package, President Obama met with Democratic and Republican leaders in the House and Senate today to talk about the economy, why he believes the Stimulus package is vital and to hear the minority party views. In short, there are some Republicans who feel the bill is short on tax relief and long on spending that, in their view, is not likely to spur job creation.

The Congress has set February 13th as the date the bill must reach the President. If they fail to meet this deadline there will be no recess the following week, a tactic that generally gets results.

The (\$2,000 annual, \$8,000 cumulative) increase in unsubsidized Staffords, the \$15.6 billion in funding to cover the Pell Grant shortfall and increase the maximum award by \$500, and \$50 million for the Department’s administration of the student loan programs were also approved by the House Appropriations Committee. Additionally, the House Ways and Means Committee kept the “American Opportunity Tax Credit,” a credit of up to \$2,500 of the cost of tuition and related expenses paid during the taxable year.

The American Opportunity Tax Credit would replace the Hope Tax Credit and the above-the-line tuition tax deduction for the next two years. A similar credit contained in Baucus’ Senate version of the tax provisions of the stimulus package. However, there is a slight difference between the House and Senate on this higher education tax credit. In the Senate version, only 30 percent is fully refundable, while 40 percent is fully refundable in the House version. This difference results in a \$600 million difference in cost between the two provisions.

Senate HELP Committee Holds Hearing and Confirms Arne Duncan

On Tuesday, after the Congressional luncheon held for the inauguration of President Obama, a number of Cabinet appointees were confirmed, including U.S. Secretary of Education, Arne Duncan. Duncan was unanimously confirmed by members of the Senate Health, Education, Labor, and Pensions Committee. There was enthusiasm for the nomination on both sides of the aisle, and his confirmation was smooth, as predicted.

Duncan’s confirmation was supported throughout the higher education and student lending communities, largely due to his reputation as a pragmatist who has shown the

willingness and ability to find solutions suitable to all stakeholders on a given issue. However, his specific ideas on higher education are largely unknown, and the appointment of key officials at the Department of Education will play a major role in shaping the Obama Administration's higher education and student aid policies.

Congressman George Miller (D-CA), Chairman of the House Education and Labor Committee congratulated Duncan on his confirmation. Miller stated, "As President Obama said yesterday, transforming our schools and colleges will be one of the most important things we can do to rebuild our economy and our country. This swift confirmation will allow Secretary Duncan to get started on this mission right away."

Duncan has yet to announce permanent appointments for the top positions within the Department of Education, and until these appointments are made, several career ED employees have been filling these positions. Philip Link is currently serving as the Acting Deputy Secretary, Joe Conaty is serving as the Acting Assistant Secretary for the Office of Elementary and Secondary Education, and Vickie Schray is serving as the Acting Under Secretary and Acting Assistant Secretary for the Office of Postsecondary Education.

For more information on the hearing, visit:

http://help.senate.gov/Hearings/2009_01_13/2009_01_13.html

Senate Begins Obama Cabinet Confirmations

The Senate confirmed six members of President Obama's cabinet on Tuesday including Secretary of Energy Steven Chu, Secretary of Education Arne Duncan, Secretary of Homeland Security Janet Napolitano, Secretary of the Interior Ken Salazar, Secretary of Veterans Affairs Eric Shinseki, and Secretary of Agriculture Tom Vilsack.

During the Senate Agriculture Committee confirmation hearing of former Iowa Governor Tom Vilsack, Committee Chairman Senator Tom Harkin (D-IA) said that Vilsack's confirmation will lead to a new focus on nutrition, conservation, energy and promoting the rural economy for the USDA. Nobel Prize-winning physicist Dr. Steven Chu was confirmed as the new Secretary of Energy by the Senate Energy and Natural Resources Committee. As the Director of the Lawrence Berkeley National Laboratory (Berkeley Lab) at the University of California, Berkley, Dr. Chu has been a strong advocate for research and development in the area of clean, efficient energy technologies. Former Senator Ken Salazar (D-CO) repeatedly emphasized during his confirmation hearing the importance of putting science first in the decision making process of the Department of the Interior, pledging to pursue research in new energy technologies and resources.

On Wednesday, the Senate confirmed Hillary Clinton as Secretary of State in a 94-2 vote. Senators voting against Clinton's nomination were Jim DeMint (R-SC), and David Vitter (R-LA).

The confirmation of former Senate Majority Leader Tom Daschle (D-SD) as Secretary of Health and Human Services has been delayed while the Senate Finance Committee examines his tax records. Daschle's aides view this simply as a "bottleneck" and are confident that he will be confirmed in the near future. Several cabinet members are still awaiting Senate confirmation including: Timothy Geithner (Treasury), Eric Holder (Justice), Jane Lubchenco (Commerce), Hilda Solis (Labor), Tom Daschle (Health & Human Services), Shaun Donovan (Housing and Urban Development), and Ray LaHood (Transportation).

Miller and Frank Announce Subcommittee Chairman, Assignments for Ed and Labor and Financial Services Committee

Several additional Congressional Committee and Subcommittee assignments were announced this week, including announcements from the House Education and Labor Committee and the House Financial Services Committee.

On the Education and Labor Committee, Chairman George Miller (D-CA) named Rep. Ruben Hinojosa Chairman of the Subcommittee on Higher Education, Lifelong Learning, and Competitiveness. Miller also announced the following Democratic additions to the Committee: Rep. Marcia Fudge (D-OH), Rep. Pedro Pierluisi (D-PR), Rep. Jared Polis (D-CO), Del. Gregorio Sablan (D-Commonwealth of the Northern Mariana Islands), Rep. Dina Titus (D-NV), and Rep. Paul Tonko (D-NY).

On the House Financial Services Committee, Chairman Barney Frank (D-MA) announced his recommendations for Subcommittee Chairs and assignments. Rep. Paul Kanjorski (D-PA) retained his seat as Chairman of the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises, and Rep. Luis Gutierrez (D-IL) was named the Chairman of the Subcommittee on Financial Institutions and Consumer Credit.

Miller and Frank's recommendations still must be approved by the full Democratic caucus. A meeting of the full caucus is scheduled for Tuesday, and the Subcommittee Chairman selections and assignments are expected to become official.

To view the House Education and Labor Committee announcement, please visit: <http://edlabor.house.gov/newsroom/2009/01/chairman-miller-announces-subc.shtml>
To view the House Financial Services Committee announcement, please visit: http://www.house.gov/apps/list/press/financialsvcs_dem/press012209.shtml

INSIDE ED AND THE ADMINISTRATION

Obama Education Agenda Posted on White House Web Site

Shortly after the inauguration, the incoming Administration began placing its agenda items on the White House Web site, and the Obama education agenda has been posted. The two higher education agenda items are the higher education tax credit proposed by Obama during the campaign and simplification of the financial aid process. The higher education portion of the page is included below:

Higher Education

- ***Create the American Opportunity Tax Credit:*** Obama and Biden will make college affordable for all Americans by creating a new American Opportunity Tax Credit. This universal and fully refundable credit will ensure that the first \$4,000 of a college education is completely free for most Americans, and will cover two-thirds the cost of tuition at the average public college or university and make community college tuition completely free for most students. Recipients of the credit will be required to conduct 100 hours of community service.
- ***Simplify the Application Process for Financial Aid:*** Obama and Biden will streamline the financial aid process by eliminating the current federal financial aid application and enabling families to apply simply by checking a box on their

tax form, authorizing their tax information to be used, and eliminating the need for a separate application.

For the full Obama education agenda, visit:
<http://www.whitehouse.gov/agenda/education/>

INDUSTRY NEWS

USA Funds Elects Ernest Newborn Chair of Board of Trustees

Today, USA Funds announced the election of Ernest J. Newborn II as chairman of the USA Funds board of trustees. A member of the USA Funds board since 2000, Newborn has chaired the executive and audit committees of the USA Funds board.

“Despite the current focus on the capital market’s credit and liquidity crisis, student loans remain an important resource for financing higher education to promote the economic, social and cultural growth of our nation,” Newborn said.

Newborn is senior vice president, general counsel and corporate secretary of USI Holdings Corporation, which is headquartered in Briarcliff Manor, N.Y., and is the eighth largest insurance brokerage firm in the United States. Newborn previously served as vice president, general counsel and corporate secretary of Acordia Inc., a formerly Indianapolis-based publicly held insurance brokerage administration company, and also as associate counsel for Indianapolis-based WellPoint Inc., formerly known as Anthem Inc.

Report Examines Student Share of College Costs

The Delta Project on Postsecondary Education Costs, Productivity and Accountability released its newest report, *Trends in College Spending: Where Does the Money Come From? Where Does It Go?*

The report analyzes recent patterns in higher education financing by looking at six categories: revenue; spending; student share of financial costs; spending and enrollment; spending and tuition; and spending and results.

The report shows that colleges and universities get their money from a number of sources including tuition and fees, state and local appropriations, endowment income, and federal funds are the dominant sources for the operating budgets; and private gifts, bond revenues, and federal and state capital outlay appropriations are the dominant sources for capital budgets.

Between 2002 and 2005, net tuition revenue increased by an average of \$383 per student in public research universities, \$313 in public master’s institutions, and \$124 in public community colleges. Along with increases in tuition, the report shows that students are paying more of the total cost of their education, except at private research institutions. The share of educational costs represented by student tuition rose from 1/3 to almost 1/2 at public four year institutions from 2002-2006.

According to the report, the primary cause of tuition increases in public institutions is not increased spending, but “cost shifting” to replace losses in state appropriations and other revenues. Since 2002, in public research institutions, 92 percent of revenues from tuition

increases have resulted from shifts in costs. In other public institutions, costs are declining as tuition prices are increasing. Private institutions are both raising tuition and increasing spending. The report states that only about 30 percent of revenues from tuition increases in the private research universities are from cost shifts, though in private master's and bachelor's institutions, about 85 percent of tuition are from cost shifts rather than spending increases.

The report concludes with a list of questions for states, governing boards and campus leaders the authors believe they should ask themselves to help make more informed and useful decisions about spending and performance.

To view the full report visit: <http://www.deltacostproject.org/>

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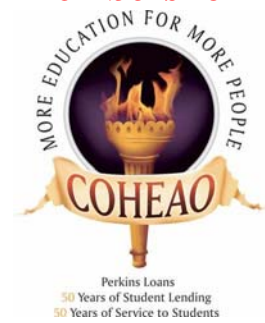
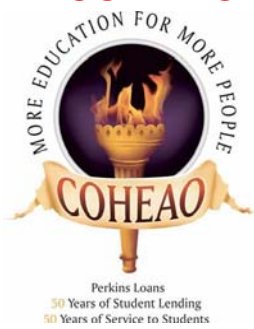
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Supporting
More Education for More People**



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COHEAO Scholarship

2009-2010



For the 2009 – 2010 academic school year, the Coalition of Higher Education Assistance Organizations (COHEAO) will award up to eight \$1,000 scholarships.

The eligibility requirements for applicants for the 2009-2010 academic year are as follows:

- Applicants must be U.S. citizens;
- Applicants must attend a COHEAO Member School;
- Applicants must have a minimum GPA of 3.75 on a 4.0 scale;
- Only undergraduate students, who will be entering their sophomore, junior, or senior year in 2008-2009, are eligible to apply: freshmen and graduate students are not eligible;
- Only one scholarship per family per academic year will be awarded; and
- COHEAO members and their immediate family members are not eligible for COHEAO scholarships.

Further information about the COHEAO scholarship is available via the Web at: <http://www.coheao.org/scholarship/scholarship.html>