

OSAC e-News for the week of January 27, 2003

Greetings! We have lots to share during this week before the annual OASFAA conference:

- OSAC'S eAPP GOES LIVE
- OPPORTUNITY GRANT UPDATE
- GAO EXPOSES DIPLOMA MILL
- REG CHANGE: LOAN COUNSELING
- DRAFT DEFAULT RATES COMING
- IDENTITY THEFT INFO FROM FEDERAL RESERVE
- COMMON MANUAL RESTRUCTURING CONTINUES
- DEFAULT PREVENTION CHAT
- OSAC STAFF NEWS

Contact information appears at the end of each item.

OSAC'S eAPP GOES LIVE

The eApp, OSAC's newest product for streamlining the OSAC Scholarship Application process, went live at 5 p.m. on January 10. The most exciting feature of the new electronic application is that students can now enter their scholarship application data on the website and return at a later time to update their applications with new information. In past years, students had to enter a new application every time they needed to update information, which created many duplications. To date, OSAC has processed more than 1200 eAPPs, averaging about 100 eAPPs per day and more on weekends.

Students will still have to mail or hand-deliver transcripts, required essays, and activity charts. To ensure that application materials can be matched up with scholarship applications, applicants must attach their OSAC-assigned personal application number to all materials. Plans for next year include a feature that will allow students to upload required essays and activity charts directly to the OSAC website.

The eApp project represents an outstanding improvement in the scholarship application product that OSAC offers students, donors, and schools. Kudos go to Steve Long, Director of OSAC's Information Technology division, who developed the eApp and designed the system applications that make it possible, and Cheryl Gallagher, the point person in Grants & Scholarships. Sherrill Kirchhoff and Steve Long will present a session on the new OSAC eApp at the annual OASFAA. Live demonstrations of the new process will also be available.

OPPORTUNITY GRANT UPDATE

At its meeting on Friday, January 24th, the Commission took action on program operations in the Opportunity Grant program for 2003-04. With current funding for 2003-05 projected at levels below 1999-01 and with another surge in applicants forecasted, the Commission voted to:

- Equalize all awards at 11% of cost, which includes raising the award at OHSU.
- Reduce dependent income levels to 55% of median family income from the current 75% level.

This action is expected to allow awarding at least past March 1st for all schools.

More information will be provided during the OSAC update session at the OASFFA conference next week and later in writing to directors. For more information, contact Kathleen Hynes at (541) 687-7385 or by email at kathleen.m.hynes@state.or.us.

GAO EXPOSES DIPLOMA MILL

On January 21, 2003, the U.S. General Accounting Office (GAO), the investigative arm of Congress, released results of its investigation of diploma mills. The investigation, made at the request of Senator Susan M. Collins of Maine, demonstrated how easy it is to purchase a degree from a diploma mill and tried to determine whether individuals who purchased bogus degrees from diploma mills had used the degrees to increase income, defraud employers, or gain positions of public trust. The report, GAO-03-269R, "Purchases of Degrees from Diploma Mills," is available from the GAO website (www.gao.gov).

GAO investigators purchased a BS in Biology, an MS in Medical Technology, honors distinctions, and degree verification services from Degrees-R-U's, a diploma mill run by a disbarred attorney in

Las Vegas. Investigators interviewed individuals who purchased bogus degrees from Degrees-R-Us, but were unable to determine whether they had benefited financially or otherwise from the bogus degrees.

The GAO investigators also used a list of 43 entities identified as diploma mills or unaccredited institutions by Oregon's Office of Degree Authorization (ODA). A government-sponsored Internet resume repository service provided investigators with a database of more than 1,200 resumes that listed degrees from 14 of the diploma mills on the ODA list. Investigators interviewed several individuals who had purchased degrees from entities on the ODA diploma mill list and were able to establish that individuals who had purchased degrees from these companies had intended to use the degrees to enhance their resumes or to be considered for certain positions.

ODA is a unit of OSAC established by statute to enhance the value, integrity, and diversity of Oregon's college programs. It provides for the protection of the citizens of Oregon and their postsecondary schools by ensuring the quality of higher education and preserving the integrity of an academic degree as a public credential.

ODA administers laws, standards, and services that protect students, holders of legitimately earned degrees, institutions, businesses, employers, patients or clients, and licensing boards. More information, including a list of national and international entities identified as unaccredited or as diploma mills, is available from the ODA website at www.osac.state.or.us/oda/.

Alan Contreras, ODA Administrator, also serves as Director of OSAC's Policy and Research Division. He can be reached via email at alan.i.contreras@state.or.us or by phone at (541) 687-7452.

REG CHANGE: LOAN COUNSELING

Final regulations published November 1, 2002, revised several requirements for Perkins, FFELP, and Direct loan counseling. Changes to sections 674.42 (Perkins), 682.604 (FFELP), and 685.304 (Direct) make regulations consistent with longstanding ED guidance that allows a school to arrange for other organizations to conduct counseling sessions. Schools must still ensure that counseling has been provided to borrowers and that counseling includes all required information. Under revised rules for entrance counseling, FFELP and Direct schools now have the option of providing borrowers with sample monthly repayment amounts based on a range of student levels of indebtedness or on the average indebtedness of Stafford loan borrowers at the same school or in the same program of study at the same school.

Revised exit counseling rules for Perkins, FFELP and Direct loans require schools to provide borrowers with information about the availability of the National Student Loan Data System (NSLDS) so that borrowers can review information about all of their Title IV student loans. In the preamble to the final rules, ED suggested that schools might meet this requirement by, for example, providing the address for the NSLDS website and a toll-free phone number for students who do not have Internet access.

The revised rules are effective July 1, 2003, but Title IV program participants may, at their discretion, implement the rules earlier. Contact Susan Degen at susan.r.degen@state.or.us for a copy of the final regulations or for information on specific regulatory changes.

DRAFT DEFAULT RATES COMING

February marks the first time that ED will deliver FY 2001 draft cohort default rate data to schools electronically. Although school participation in eCDR is still optional, ED is pleased that 56% of participating schools have elected to use the new electronic process. For these schools, draft cohort default rate notification packages should be available at their SAIG mailboxes the morning of February 18. Each school will find three files in its eCDR notification package: (1) a cover letter, (2) a reader-friendly loan record detail report, and (3) an extract-type loan record detail report. Schools that have not yet signed up for the eCDR will receive paper reports this time. The target mailing date for the paper packages, which will be sent second-day via Airborne Express, is also February 18. Final rates will be released in September.

There are a number of challenges, adjustments, and appeals a school can pursue after the release of the draft and official cohort default rates. Schools may submit challenges after the release of the draft rates; schools may submit appeals and requests for adjustments after the release of the official rates. Subpart M of the General Provisions regulations (sections 668.118 to

668.198) provides information on this process. Appendix A of the General Provisions regulations includes a chart that shows timelines for all types of rate challenges and requests for data adjustments. Additional information on challenges and appeals is in the Cohort Default Rate Guide, available from the IFAP website at www.ifap.ed.gov/drmaterials/FinalCDRG.html. For more information on the appeal or data adjustment process, please contact Barbara Briggs via email at barbara.l.briggs@state.or.us.

IDENTITY THEFT INFO FROM FEDERAL RESERVE

A new booklet developed by the Federal Reserve Bank of Boston will help consumers protect themselves against identity theft. The "Identity Theft" booklet describes the dangers posed by identity thieves, what people can do to protect themselves, and what they should do if they discover their identities have been stolen.

The booklet describes some common sense precautions consumers should take to protect personal information, shows how to monitor for signs of identity theft, and offers a guide for consumers whose identities have been stolen. It also has useful contact information for the national credit bureaus, federal agencies that can provide help, and nonprofit organizations that advise consumers and businesses.

The booklet is available online at www.bos.frb.org/consumer/identity/index.htm. Consumers can also order free copies by calling 1-800-409-1333.

COMMON MANUAL RESTRUCTURING CONTINUES

The Common Manual Restructuring Subcommittee has completed its first major project--reformatting Appendix H, which contains the FFELP history. Manual users will soon see the new structure in the Integrated Common Manual, which is revised each month. Entries have italicized headings and are sorted in alphabetical order for each effective date. Related issues appear under one heading, and duplicate entries have been eliminated.

Work also continues on schedule for the subcommittee's other major project--restructuring the manual's four core chapters (chapters 5 through 8) into up to 10 smaller chapters that generally follow a life-of-the-loan format.

Susan Degen will provide an overview of the Common Manual restructuring project as part of the OSAC Update session at the OASFAA annual conference. For more information on the restructuring project, contact Susan Degen at susan.r.degen@state.or.us.

DEFAULT PREVENTION CHAT

Mapping Your Future has announced a Default Prevention and Debt Management Training Chat for financial aid professionals for February 12, 2003. This live event, scheduled for 3 to 4 p.m. (Eastern); 2 to 3 p.m. (Central); 1 to 2 p.m. (Mountain); and 12 noon to 1 p.m. (Pacific), provides a unique opportunity to receive advice about default prevention and debt management efforts on campus. Terri Keller from OSAC's Guarantee Services and Default Prevention unit will be one of the resident experts on the chat. For more information visit the Mapping Your Future website at www.mapping-your-future.org.

OSAC STAFF NEWS

Several OSAC staff members will present sessions at the OASFAA annual conference. Sherrill Kirchoff and Steve Long will offer a session on OSAC's new eApp for grants and scholarships. Susan Degen, Jeff Svejcar, and Brian Clem, OSAC Commission Chair, will offer a session on how to respond to NPRMs, how to locate information on state and federal financial aid issues, and how to communicate with legislators.

To sign up for, update current subscription information, or opt out of receiving OSAC e-News, send an email to the e-News list manager: <mailto:lorianne.m.ellis-kirk@state.or.us>.

Please send your feedback and content suggestions via email to Shelley Snow, Outreach Director: <mailto:shelley.m.snow@state.or.us>

OSAC's e-News is compiled and edited by Susan Degen, Coordinator, Federal Affairs. Contact Susan by email at <mailto:susan.r.degen@state.or.us>.

Oregon Student Assistance Commission
1500 Valley River Drive, Suite 100, Eugene, OR 97401
© Copyright 2001 by OSAC, all rights reserved.