



Upcoming Events

- ❖ The **Educators for Maine Advisory Committee** will meet on **August 6, 2009** via conference call.
- ❖ The **Advisory Committee on College Savings** is scheduled to meet on **August 19, 2009** in Portland.
- ❖ The **FAME Board of Directors** will meet on **August 20, 2009** at the FAME Office.

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FAME News

1000th Baby Accepts Harold Alfond College Challenge Grant

Baby Caitlyn may only be five months old but she is well on her way to preparing for college with her \$500 Harold Alfond College Challenge grant and NextGen account. Caitlyn's parents completed the NextGen application with great intent because of their aspirations for their child. "It's important that she goes to college," says Caitlyn's mom, who has attended college herself. When asked about the legacy gift to Maine's children, she added: "This is amazing; what a generous gift."

The number of families applying for their Harold Alfond College Challenge grant is steadily increasing. Currently, FAME receives approximately 150 applications each month. That number is expected to triple or quadruple by the end of the year as the first eligible 2009 babies reach their last chance to enroll by their first birthday.

Ask FAME

Q: Is it permissible to pay students from federal work study funds for work done just prior to the start of an academic year or during other periods of non-attendance?

A: A student may be employed using federal work study (FWS) funds during a period of non-attendance only if the student is planning to attend during the next period of enrollment and will have demonstrated financial need for that enrollment period. The student's net earnings (earnings minus taxes and job-related costs) during this period of non-attendance must be used to cover expenses associated with their financial need for the subsequent period of enrollment.

If a student who had a federal work study job during a period of non-attendance fails to enroll in the next academic period, the financial aid office must be able to demonstrate that the student was eligible for employment and that, at the time the FWS was awarded, had reason to believe the student intended to enroll in the next period. If the financial aid office learns during the period of non-attendance that the student no longer plans to attend during the next period of enrollment, the student must immediately stop working under the FWS program.

For additional information, please see the 2008-2009 Federal Student Aid Handbook, Volume 3, Chapter 6, page 118.

Special Summer Section

Meet Bob Corey

Bob Corey is FAME's Senior Credit Officer. Bob moved to Maine in 1992 when he joined KeyBank as a senior commercial loan workout officer. He joined FAME in August of 2004. Bob works with the Senior Loan Officer to oversee the Business Division of FAME, which includes budgeting and strategic planning. Additionally, Bob oversees the credit and workout activities for FAME. Bob enjoys seeing FAME step forward to help Maine businesses who need that extra support to succeed.

Bob greatly enjoys time spent with his family, especially his granddaughter.

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Karen Vigue

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Elizabeth Vanderweide

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Federal Loan Programs

The *Common Manual* on CD has been released. Please look for your institution's copy to arrive from FAME within the next two weeks.

Washington, D.C. Update

Appropriations Bill Update

On July 24, 2009, the U.S. House of Representatives passed the FY2010 Labor, HHS and Education appropriations spending bill (H.R. 3293) by a vote of 264 to 153. The bill would provide level funding for most Title IV discretionary programs and would set the appropriated amount of the Pell Grant to a maximum award of \$5,550 for the 2010-11 award year.

The appropriations bill would also provide \$868 million for the TRiO program and \$333 million for GEAR UP. The Senate Labor, HHS and Education Appropriations Committee has considered its version of the bill, but the full Senate has not yet voted on the proposed legislation.

The complete H.R. 3293 summary is available at:

http://appropriations.house.gov/pdf/LH_FY10_FC_Summary_as_amended_07-17-09.pdf

CBO Releases Cost Savings Estimate

The Congressional Budget Office (CBO) released its cost savings estimate concerning H.R. 3221, the *Student Aid and Fiscal Responsibility Act of 2009*, on July 24, 2009. The CBO estimates that enacting H.R. 3221 would reduce direct spending by \$7.8 billion over the 2009-2019 period, while increasing discretionary spending by at least \$13.5 billion for the same time frame.

Eliminating the Federal Family Education Loan Program would save an estimated \$47 billion over 10 years, according to a revised CBO estimate that was released on July 27, 2009 in a letter to Senator Judd Gregg. In addition, shifting all Federal Stafford and PLUS borrowing into the Direct Lending program would increase discretionary administrative costs by \$7.2 billion over the same period. The CBO also estimates that phasing out the Perkins Loan Program and implementing the new Federal Direct Perkins Loan Program would cost \$1.3 billion over the next 10 years.

The original CBO cost savings analysis can be viewed at:

<http://www.cbo.gov/ftpdocs/104xx/doc10479/hr3221.pdf>

The letter to Senator Judd Gregg can be viewed at:

http://www.cbo.gov/ftpdocs/102xx/doc10295/Gregg_StudentLoans_09-07-27.pdf

Notice of Proposed Rulemaking Published

On July 23, 2009, the *Federal Register* posted proposed rules on the Federal Perkins Loan Program, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Program. These proposed regulations would implement general and lender-based loan provisions of the *Higher Education Act* (HEA), as amended by the *Higher Education Opportunity Act* (HEOA). The regulations were developed by Team I during its spring negotiated rulemaking sessions.

On July 28, 2009, the *Federal Register* posted proposed rules on school-based loan provisions of the HEA, as amended by the HEOA, that were developed by Team II during its negotiated rulemaking sessions this past spring.

The National Association of Student Financial Aid Administrators has developed outlines of the proposed rules which can be viewed at:

Team I Outline: <http://www.nasfaa.org/publications/2009/rnloansnprm072409.html>

Team II Outline: <http://www.nasfaa.org/publications/2009/rnnprm073009.html>

In addition, the complete Federal Register postings are available at:

Team I Posting: <http://edocket.access.gpo.gov/2009/pdf/E9-16952.pdf>

Team II Posting: <http://edocket.access.gpo.gov/2009/pdf/E9-17119.pdf>

GOAL\$

Outreach Update

On July 27, FAME's Mila Tappan participated in Maine's Dropout Prevention Summit, held at the University of Maine. The summit, which focused on how to prevent dropouts and improve Maine's graduation rate, was sponsored by the America's Promise Alliance coalition and was attended by more than 250 educators, business people, community leaders and children's advocates.

FAME's Mary Dyer presented to 15 students at Beal College as part of the college's *Beal College 101* course on July 30. Students were given information regarding the student loan process at Beal, loan repayment options, effective money management, understanding credit and avoiding identity theft. In addition, students were given the opportunity to share their own experiences related to money management and budgeting. Mary has been presenting to the *Beal College 101* classes for nearly two years and has found that both she and the students greatly benefit from the information shared. For more information, or if you are interested in offering this type of session on your campus, please contact [Mary Dyer](#).

Default Prevention Program Update

As we approach the one-year anniversary of the release of FAME's early intervention default prevention program, we are pleased to report that nearly **7,000 FAME borrowers** were enrolled in the program throughout the past year. Through this program, FAME borrowers are contacted directly during their grace period with information regarding the total amount of their loan, monthly payment, as well as the various loan repayment options available.

Over the past year, nearly 4,000 borrowers were successfully contacted by phone and over 10,000 letters were mailed. Overall, **92 percent of the borrowers** enrolled are currently in good standing on their loan payments.

While it is still early, the program has already begun to show notable success. FAME has begun to see a decline in its default rates since the program's inception. As of month-end May 2009, FAME's cohort default rate and trigger rate are both favorable to rates recorded in FY2008. This is especially notable given the current economic challenges that Maine borrowers face. If you have any questions, please contact [Mary Dyer](#).