

## PRESIDENT'S MESSAGE

*By Blaine Bandi*

As promised in my last President's Message, NAHEFFA's new website (NAHEFFA.com) is now up and running. Although still under construction, you will notice significant improvements in appearance and functionality. Thanks to Dave Bliss for spearheading this very important project.

As many of you are aware, I have had my share of adventures in traveling to some of our recent conferences. I prefer to think of them as learning experiences. In each case, I learned something new and I've found that this attitude helps preserve what little dignity I retain. For example, at our conference in Kohler, I learned that it is possible for my luggage to arrive three days later than me on a non-stop flight that originates in Phoenix and terminates in Milwaukee. At our conference in Branson, I learned that the rental car counters close at 5:00 PM and the information counter closes at 5:30 PM at the airport that services Branson. Regrettably, I learned this at 5:45 PM upon my arrival at the airport. Due to space constraints, I won't share what I learned about the taxi service at this airport.

I have recently returned from a summer family vacation to Orlando. I knew that the combination of distance, transfers, and recent airline industry challenges would likely provide many opportunities for learning experiences. I was not disappointed. I am pleased to share with you my version of "25 Lessons Learned on Summer Vacation".

1) Airlines often overbook flights knowing that a percentage of passengers do not show for their scheduled departures. When their estimates of no shows are incorrect, they will offer passengers who voluntarily give up their seats two roundtrip domestic tickets anywhere the airline flies and a guaranteed seat on the next available flight.

- 2) With the increase in jet fuel costs, airlines have reduced the amount of extra fuel they carry on board to as little as 45 minutes over what is necessary to complete the flight.
- 3) Severe rain in Atlanta can cause arrival delays of up to 1 hour, necessitating planes circling the airport during this time.
- 4) Lesson 2 is incompatible with Lesson 3.
- 5) In order to prevent passenger unrest, pilots often don't inform passengers of the need to divert until shortly before landing at the diversion airport.
- 6) Interestingly enough, at one hour flying time, Jacksonville is about the same distance from Orlando as is Atlanta. Unfortunately, after arriving in Jacksonville you are no closer to Atlanta than you were when you left Orlando.
- 7) There are rarely available gates at most airports for diverted flights upon arrival, necessitating 20 minute waits on the tarmac for a gate to become available.
- 8) There are rarely available refueling crews for diverted flights at most airports, necessitating 20 minute waits for planes to be refueled. Fortunately, since planes are carrying less fuel, this wait has dropped from 30 minutes.
- 9) Jacksonville falls into the category of most airports.
- 10) Once airborne again, pilots will thank passengers for their patience and profess absolute confidence that the "uniformed gate attendants" in Atlanta will be able to assist all passengers with their connections upon deplaning.
- 11) Upon deplaning in Atlanta "uniformed gate attendants" will often say "The Phoenix connection is not on my list of connecting flights". This is airline code for "your flight left one hour ago as scheduled".
- 12) Passengers who involuntarily miss their flights are offered personal hygiene kits, discount hotel vouchers, standby status on the next available flight and directions on how to retrieve their checked bags.
- 13) Lesson 1 is incompatible with Lesson 12.
- 14) There are no flights from Atlanta to Phoenix from 11:00 P.M. to 7:00 A.M.
- 15) 11:30 P.M. is not the most advantageous time to learn Lesson 14.
- 16) Flight delay insurance provides up to \$300 per person for alternative flight plans. \$300 in cab fare will provide significantly further travel than any flight purchased on the same day.
- 17) Since Atlanta is the busiest airport in the world, retrieving checked bags from the secure holding area is a lengthy process. The minimum wait time is 2.5 hours. The requesting passenger must wait the entire time outside the terminal at the curb in the unlikely event bags are retrieved earlier than the minimum time. Agents efficiently answer the anticipated "what is the maximum wait time" question with the snappy answer of "there is no maximum". Envisioning the purgatory of curbside waiting for several hours convinces most passengers to decline the offer of bag retrieval.

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- 18) Passengers must wait 30 minutes in line to learn Lesson #17.
- 19) During periods of significant flight delays, the few airport gift shops that remain open past midnight quickly see their shirt inventory reduced to small quantities of XS and XXL. Men in toga like garb emblazoned with "Eat Good in Atlanta" and women dressed similar to Vegas cocktail waitresses seen wandering the concourses are most likely delayed passengers.
- 20) Irons are much more efficient at drying hand washed clothes than hair blow dryers.
- 21) Personal hygiene kits (consisting of toothbrush, comb, razor and assorted

aluminum packets of toothpaste, shampoo, deodorant, skin lotion, and moist towelettes) are permitted safe passage through the TSA checkpoints in the morning.

- 22) Strangely dressed stand by passengers tend to watch the next day's first flights out of Atlanta fill to capacity with ticketed passengers and the previous day's volunteers contentedly patting their bulging pockets which hold their two free roundtrip vouchers. The airlines version of the Krebs Cycle begins anew with the request for volunteers on the overbooked flight.
- 23) Secure in the knowledge that the next available flight is approximately 8 hours later, stand by passengers often discuss how best to utilize that time. Some thought is given to bringing sustenance to

your sleep and hope deprived peers still waiting at the curb for their checked baggage. This discussion is brief and fleeting.

- 24) Personal hygiene kits are confiscated at the TSA checkpoints in the afternoon. Since the kits have not changed since the morning scan, it is assumed that the TSA is cognizant of the changing psychological profile of the stand by passengers.
- 25) On rare occasions, flying from Orlando to Phoenix can take as long as 31 hours and require two separate, albeit brief hotel stays in Atlanta.

I look forward to seeing all of you in Seattle at our Fall Conference. Feel free to send me an email if you'd like to know my flight plans before planning your itinerary.

## FALL CONFERENCE REMINDER

Remember, the annual conference of NAHEFFA will take place September 24-26, 2008 in Seattle, Washington. If you have not yet registered, you can obtain forms and information on the NAHEFFA website ([www.naheffa.com](http://www.naheffa.com)). If your company is interested in becoming a Sponsor, you can also find that information on the NAHEFFA website, or contact Larry Nines, Executive Director of the Wisconsin Health and Educational Facilities Authority at (262) 792-0466 or [info@whefa.com](mailto:info@whefa.com).

## WASHINGTON ADVOCACY REPORT

*By Charles A. Samuels and  
Patrick D. Mara  
Mintz Levin/ML Strategies  
August 11, 2008*

### **Presidential Election**

Don't expect big changes for the tax-exempt bond or charity world from the election. Sen. Obama does not have much of a record on bonds and Sen. McCain's is not particularly favorable, but it's probably not too relevant. Presidents do not deal with our issues which really are dealt with at the Assistant Secretary of Treasury level and below.

Of course, so-called fundamental "tax reform" could endanger tax-exempt bonds but there will be many items on the agenda so don't count on that occurring. More problematic is the spread of tax credit bonds and possible

federal charitable "reforms" (although the recently-enacted Higher Education bill may relieve some of the pressure — see below.)

### **FHLB — Letter of Credit Legislation Becomes Law!**

After an intensive two year effort in alliance with the Federal Home Loan Banks (FHLBs), the American Hospital Association, and state and local governments, President Bush signed a Housing bill into law which contains authority for FHLBs to back-up local banks in guaranteeing tax-exempt bonds. Technically, this revision to the Internal Revenue Code is an additional exemption to the "federal guarantee" ban. The provision is aimed at smaller, non-rated deals but can be used by any sized transaction.

Due to lobbying pressure from bond insurers, the authority is limited to "original issuances" which occur before the end of 2010 but extensions of the LOC's (Letter of Credit) on

these deals are covered. If successful, we will want to extend the program. We will discuss the FHLB LOC program in Seattle.

### **Rep Neal (D-Mass) Introduces Bank Deductibility Bill and Sen. Bingaman (New Mexico) Interested**

Rep. Richard Neal introduced a bank deductibility bill (H.R. 6333); Sen. Bingaman may follow in September. The legislation not only increases the present "small issuer" exemption from \$10 million to \$30 million but also allows an issuer election of whether to apply the exemption to the borrower. Thanks to our Massachusetts and New Mexico members for their support.

### **Frank Committee Adopts HR 6308 on Credit Ratings and SEC Announces Proposed Change in Regulations.**

In a bipartisan manner, House Financial Services Committee Chairman Barney Frank

## WASHINGTON ADVOCACY REPORT

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obtained Committee approval of a credit rating bill which requires rating agencies to use uniform scales when rating muni or corporate bonds. The “manager’s amendment”, that the Committee approved, allows the credit rating agencies flexibility, including, arguably, distinguishing between general obligation and revenue bonds. It is unclear what effect the legislation will have on conduit financings.

In any case, the legislation probably will not proceed in the Congress this year and must start anew next year in the new Congress. Of course, due to this and other pressures, the raters already have proposed revisions.

Chairman Frank also has agreed to full hearings on ARS (Auction Rate Securities) and, separately, municipal disclosure.

Meanwhile, the SEC issued proposed rules in June to move away from reliance on credit ratings in SEC requirements and to allow mutual funds, for example, to purchase even low-rated bonds. They also proposed rules to require closer monitoring of the credit rating agencies.

### ***New 990 Form Instructions Expected Soon***

Many of NAHEFFA’s comments to the IRS and Treasury to minimize the burden on 501(c)(3)s were taken. Now, by the time you read this we should have new clarifying instructions.

### ***EMMA (Electronic Municipal Market Access)***

The SEC has proposed changes to Rule 15c2-12 which support the MSRB’s (Municipal Securities Rulemaking Board) as a central repository and muni-market web-based disclosure portal. EMMA will provide free submission of and access to disclosure documents and real time trade price data and enhance existing MSRB official statement and advance refunding document electronic systems. It could be mandatory in 1/1/09 if the SEC finalizes the rules.

### ***U.S. Supreme Court Upholds Disparate Treatment of Out-of-State Bonds***

In a 7-2 opinion, the Supreme Court overturned a KY Court in Davis v. Kentucky and held that it was not an undue discrimination against interstate commerce or a violation of equal protection for states to tax in-state and out-of-state bonds differently. The Court recognized that it was not opining about 501(c)(3) or private activity bonds but noted that invalidating their tax treatment “could disrupt important projects that the states have deemed to have public purpose.”

### ***Higher Education Conference Report Approved by Congress***

The Higher Education Conference Report was approved by Congress and now waits signing by the President. He is expected to sign the legislation which passed the Senate by a vote of 83 to 8. The measure, the “Higher Education Opportunity Act of 2008,” was hailed by Congressional leaders including HELP (Health, Education, Labor and Pensions) Chairman Ted Kennedy (D-MA). Kennedy stated, “As the cost of college continues to rise, this bill could not come at a more crucial moment.” HELP Ranking Member Enzi (R-WY) said of the legislation, “After four years of negotiations, I am proud to send the President this bill to strengthen higher education programs and expand access to a college education for millions of Americans.”

The legislation simplifies the process for applying for financial aid; addresses ethical concerns in the student loan marketplace; holds universities more accountable for their costs; and expands grant aid for the poorest students. On accountability, this bill (HR 4137) requires colleges to publish an array of data on text book prices, student loans and tuition increases. The new reporting requirements will be burdensome and controversial, such as reporting “real” tuition minus discounts.

### ***Department of Education (DOE) Approves Grants for Special Education Training***

Twenty institutions in 15 states were awarded \$2.4 million in grants to train special education teachers. The awards are intended to improve the quality of special education teacher

programs. According to Secretary of Education Margaret Spellings, “We consistently hear from state, local and higher education officials that personnel preparation programs for special education teachers should be restructured or redesigned for graduates of these programs to meet the highly qualified teacher requirements in IDEA.” IDEA is the Individuals with Disabilities Education Act. These grants cover the first year of a five-year program overseen by the DOE.

### ***Dingell Urges Passage of the “Family Smoking Prevention and Tobacco Control Act”***

House Energy and Natural Resources Chairman John Dingell (D-MI) spoke favorably of H.R. 1108, the “Family Smoking Prevention and Tobacco Control Act.” The bill passed the House by a vote of 326 to 102. It would move authority to regulate tobacco to the Food and Drug Administration (FDA) and would curb access to tobacco products as well as tobacco advertising and marketing. As Dingell noted, “Public health organizations have fought for this legislation for 20 years.” It is supported by such groups as the American Cancer Society, the American Lung Association and the American Heart Association. The measure now goes to the Senate Committee on HELP for review.

### ***Senate Approves Global AIDS Relief Bill***

The Senate recently approved H.R. 5501, the “Tom Lantos and Henry J. Hyde United States Global Leadership against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008” by a vote of 80 to 16. According to HELP Committee Ranking Member Mike Enzi (R-WY), “This bill will secure America’s place as the world’s leader in the fight against HIV/AIDS.” Enzi added that the legislation “establishes new, more challenging treatment goals to ensure that we treat the greatest number of people in the most cost effective manner possible.” Among other important goals, the bill ensures funding goes to patients and is not tied up in excessive administrative costs.

## WASHINGTON ADVOCACY REPORT

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### **House Energy and Commerce Committee Approves Health Information Technology Bill**

In July, the House Energy and Commerce Committee approved H.R. 6357, the “Protecting Records, Optimizing Treatment, and Easing Communication through Healthcare Technology Act of 2008” (the PRO(TECH)T Act). By encouraging the adoption of Health Information Technology (HIT), the bill reduces medical errors and costs, strengthens healthcare and further protects health privacy. Energy and Commerce Committee Chairman John Dingell (D-MI) stated the bill “strengthens current privacy protections and expands them to new entities that store your electronic health information.” H.R. 6357 also “provides for the adoption of standards to allow providers across the country to exchange health information about their patients,” Dingell said. The measure awaits approvals by the House Science and Technology Committee as well as the House Ways and Means Committee.

## AFFORDABLE ASSISTED LIVING CAN BE A TRICKY & RISKY ENDEAVOR

Assisted living has become quite popular as an alternative to nursing facility care, but for many elderly Americans with low incomes, assisted living isn’t an option they can afford. Across the country, Medicaid reimbursement doesn’t cover the full cost of providing services and, because of this, some assisted living providers don’t take Medicaid residents at all for that reason. Those facilities that do take Medicaid residents can only afford to take a few, mostly those who moved in as a private-pay resident and spent down their assets.

While Medicaid covers room and board for nursing facility patients, it doesn’t do the same for assisted living residents. These residents typically try to pay for room and board out of their Supplemental Security Income (SSI) check, which is only \$637 a month in 2008 – far less than the cost of room and board in the vast majority of assisted living facilities (ALFs). A few dedicated professionals are finding ways to develop ALFs that low-income elderly can afford. But it’s a complicated and risky undertaking, requiring creative financing arrangements involving numerous sources

and negotiating conflicting requirements from public funding agencies.

Affordable assisted living is in scarce supply for numerous reasons and is a two-part problem – housing and services – and each carries its own difficulties and barriers. On the housing side, the biggest problem is finding financing for a development that’s going to be dependent on inadequate reimbursement. Lenders don’t like to invest money in a project whose revenue stream is poor and subject to state budget cuts. On the services side, the biggest problem is inadequate Medicaid reimbursement. To make ALFs affordable to low-income persons requires reducing the monthly expenses, including the costs of the housing (in the form of rent) and the cost of the services (in the form of personnel).

Nationally, the average annual cost of assisted living is \$36,090, according to a study by Genworth Financial in Richmond, Virginia. Yet 65% of Americans aged 75 years and older have incomes under \$25,000. Over half of all households headed by a person aged 85 or older reported annual income of less than \$10,000. Making ALFs affordable to low-income residents may require putting together a package of subsidies – such as Section 8 housing assistance to cover rent and becoming a food stamp vendor to cover food, if the facility is eligible – along with finding creditors willing to invest in a potentially risky project. *(Source: Provider; July 2008)*

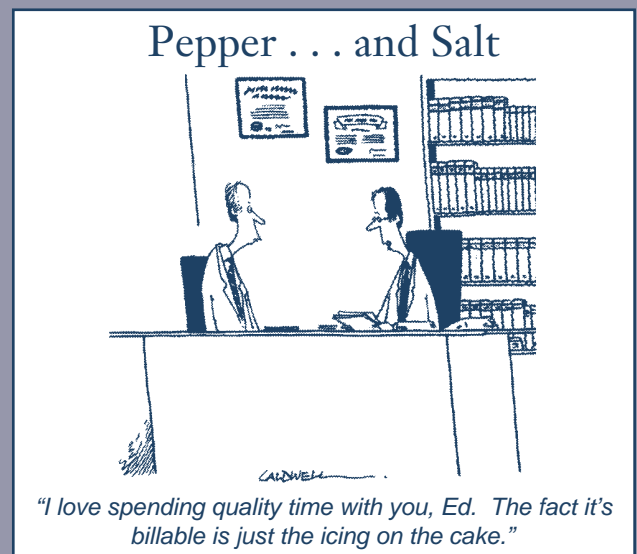
## BRIEFLY NOTED

- ... Artificial night lighting in urban areas is so pronounced that now 2/3 of the world’s population, and almost everyone in the U.S. and Europe, no longer see a full starry sky at night. *(Source: The Wall Street Journal; 07/25/08)*
- ... An unprecedented cutback in driving is slashing the funds available to rebuild the nation’s aging highway system and expand mass-transit options, underscoring the economic impact of high gasoline prices. *(Source: The Wall Street Journal; 07/28/08)*
- ... The nation’s typical worker now retires at age 62, up from 60 a decade ago. About 60% of men between 60 and 64 are still in the labor force as are 20% of men over 65. *(Source: The Wall Street Journal; 05/15/08)*
- ... While approximately 50 million Americans are uninsured for health coverage, an additional 25 million fall in the category of underinsured and not able to afford the deductibles and co-pays necessary to meet all their health care needs. *(Source: The New York Times; 06/10/08)*
- ... Electronics manufacturers and retailers are trying to curb the amount of product returns. In 2007, the industry spent 13.8 billion to re-box, restock and resell returned products. In fact, only 5% of returns are because a product was defective. *(Source: The Wall Street Journal; 05/08/08)*
- ... 3.2% of the U.S. adult population (7.3 million) are vegetarians. 11.9 million additional persons are “definitely interested” in following a vegetarian diet. *(Source: Milwaukee Journal Sentinel; 05/17/08)*
- ... A recent survey of hospital board make up reveals that only 8% of board members are under the age of 40 at nonreligious institutions and 1% at those with religious affiliation. *(Source: Trustee; July/August 2008)*

## BRIEFLY NOTED

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- ... Only 9% of doctors practice in rural areas, while 30% of the population lives there. *(Source: Amednews.com; 05/26/08)*
- ... Colleges are trying to raise more donations for financial aid to students in order to keep student debt loads manageable. Currently about 1/3 of all restricted donations go for financial aid. 92% of the 29.8 billion in college donations last year were restricted as to use. *(Source: The Wall Street Journal; 05/13/08)*
- ... For the first time in 2008, more than half of all insured Americans are taking prescription medicines regularly for chronic health problems. This includes 2/3 of women over the age of 20; 1/4 of children and teenagers; and 3/4 of persons over 65. *(Source: Associated Press; 05/14/08)*
- ... The state of Massachusetts is looking at levying a 2.5% annual state tax on the portion of in-state college endowments that exceed \$1 billion. *(Source: The Wall Street Journal; 05/09/08)*
- ... American's overall score in science literacy ranks second among the world's developed nations. Yet more than 1/3 of those tested didn't know the basic concept that the earth revolves around the sun once a year. *(Source: The Chronicle of Higher Education; 05/23/08)*
- ... Recent growth in the size and scope of the NCAA has come at the expense of the much smaller National Association of Intercollegiate Athletics (NAIA). In 2006, the NCAA established a moratorium on its Division III growth. *(Source: The Chronicle of Higher Education; 05/23/08)*
- ... The Cleveland Clinic Lerner College of Medicine at Case Western University has announced that beginning this year all incoming medical students will be awarded full scholarships to cover the \$43,500 tuition. *(Source: The Wall Street Journal; 05/15/08)*
- ... With 88% of college students owning cell phones, many schools are reducing costs by disconnecting land line phones in the residence halls. 16% of U.S. homes had only wireless phones in 2007. *(Source: The Chronicle of Higher Education; 06/15/08)*
- ... By 2050 the U.S population will have a majority-minority — that is, the combined number of blacks, Asians, American Indians and Hispanics will put whites in the minority. Texas and California are already there. *(Source: The Wall Street Journal; 06/12/08)*
- ... Students at technical colleges and two year colleges are finding the most difficulty in obtaining new student loans. Such students tend to be unprofitable to lenders because they borrow in smaller amounts and for shorter periods. *(Source: Milwaukee Journal Sentinel; 06/05/08)*
- ... The height of a person may decrease by 1% over a normal day, mainly because of compression of the spine. *(Source: Associated Press; 06/02/08)*
- ... According to an April 2008 survey of 1,400 doctors, more than 20% of physicians would stop practicing if universal health care coverage is implemented nationwide. Yet only 5% of respondents favor leaving the current system unchanged. *(Source: H&HN; June 2008)*
- ... One in four people who lack health coverage in the U.S are eligible for public insurance programs but are not enrolled because of barriers that make it difficult. *(Source: H&HN; June 2008)*
- ... A 56 year old Milwaukee man was arrested for shooting his lawn mower, which wouldn't start, with a shotgun. He told police "I can do that. It's my lawn mower and my yard so I can shoot it if I want". The man was arrested for disorderly conduct and intoxication and faces up to six years in prison. A lawn mower repair shop said the odds of getting it fixed are slim. "Anything not factory recommended would void the warranty". *(Source: Milwaukee Journal Sentinel; 06/15/08)*
- ... The writing section added to the SAT exam in 2005 has done very little to improve the exam's overall ability to predict how students will do in college. *(Source: Associated Press; 06/17/08)*
- ... By the end of this year a Medicare website will start rating the nation's 16,000 nursing homes on a five star system based on government inspection reports, staffing data and quality measures. *(Source: The Wall Street Journal; 06/19/08)*
- ... The high cost of gasoline is expected to negatively impact enrollment at rural community colleges where commuter students typically travel long distances to class. *(Source: The Chronicle of Higher Education; 06/20/08)*



Source: The Wall Street Journal

## BRIEFLY NOTED

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- ... The rising cost of shipping is forcing some manufactures to bring production back to North America and freeze plans to send even more work overseas. *(Source: The Wall Street Journal; 06/13/08)*
- ... The world population will reach 7 billion in 2012 even as the global community struggles to satisfy it's appetite for national resources. There are currently 6.7 billion people with the largest countries being China, India and the United States. *(Source: Milwaukee Journal Sentinel; 06/20/08)*
- ... Americans gave a record amount to charity in 2007, topping \$300 billion for the first time. *(Source: The Wall Street Journal; 06/23/08)*
- ... On average, U.S citizens have 3,800 food calories available each day while only needing 2,350. *(Source: TIME; 06/23/08)*
- ... In preparing for this year's Olympics, China has spent \$20 billion on preparations, has 3,000 state-run athletic academies and 400,000 students enrolled in sports schools. *(Source: TIME; 06/23/08)*
- ... Scientists who study the earth's oceans and polar regions are hit hard by high fuel prices. Their reliance on ships and aircraft for research makes their research very expensive. *(Source: The Chronicle of Higher Education; 08/01/08)*
- ... In 2007, U.S. citizens received nearly one million artificial hip and knee replacements, about half of the world's total. *(Source: The New York Times; 07/29/08)*
- ... With 1.3 billion people, a developing middle class and even some affluence, China has become the focus of new business development by American health insurers. *(Source: Courant.com; 06/25/08)*
- ... A congressional investigation has found that 27,000 doctors, hospitals, nursing homes and hospices paid by Medicare failed to pay more than \$2 billion in federal taxes in 2006. *(Source: The Wall Street Journal; 06/20/08)*
- ... The stumbling U.S. economy is forcing states to slash spending and cut jobs in order to close a projected \$40 billion shortfall in the current fiscal year. *(Source: The Wall Street Journal; 07/24/08)*
- ... National Institutes of Health grants of \$22.8 billion awarded in 2007 helped create 350,000 new jobs and generated \$50.5 billion in business nationwide. *(Source: Wausau Daily Herald; 06/29/08)*
- ... The prevalence of diabetes is rising in all age groups throughout the U.S with 24 million or 8% of the population having the disease. *(Source: McKnight's Online; 06/26/08)*
- ... A 2007 survey indicates that 20% of Americans delayed or forwent medical care because of concern about cost. 38% of the uninsured and 17% of insured respondents said they had scrimped. *(Source: The Wall Street Journal; 06/26/08)*
- ... Units of government continue to look at privatization of services as one way to control costs. The city of Chicago is looking at proposals to privatize airports, recycling centers and its parking meter system. *(Source: The Bond Buyer; 07/30/08)*

## CURRENT ISSUES AFFECTING HIGHER EDUCATION

Following are different topics currently affecting the higher education industry.

1. **Student Loan Market Turmoil.** Many small, tuition dependent and less wealthy institutions are more vulnerable to seeing effects from the student loan crisis. These institutions are heavily concentrated in the Baa-rating category and have limited financial recourse if tuition revenue is not paid on time by the budgeted number of enrolled students. Because of probable lower lender discounts and higher cost of capital for lenders, the cost of borrowing for many students will likely increase somewhat. As a result, affected college and universities may experience increased pressure to accept modestly lower enrollments, undertake cash flow borrowing, increase tuition discounting, slow the growth of tuition rates, accelerate fundraising for student aid, and tighten other forms of spending at the institution. *(Source: Moody's Global U.S. Public Finance-Impact of Student Loan Market Turmoil on U.S. Higher Education; May 2008)*
2. **Public University Governance Faces New Challenges.** As state governments again face new financial pressures from a weakening economy and slowing tax revenues, officials in many states are likely to make difficult budgetary decisions to reduce comparative funding for public universities. As this trend continues, the roles and responsibilities of U.S. public university boards are changing as public higher education institutions become increasingly market-driven and complex organizations. Current models for public university oversight and board selection and composition will likely need to evolve as universities develop new governance processes that reflect their new dynamism as market-driven organizations that can also advance public policy goals shared with their supporting state governments. *(Source: Moody's U.S. Public Finance-Public University Governance Faces New Challenges; May 2008)*
3. **Public-Private Partnerships in U.S. Higher Education.** Colleges and universities have long been strategic real estate investors, with rural and suburban campuses often "banking" tracts of vacant land and urban universities frequently owning buildings that are neither adjacent

## CURRENT ISSUES AFFECTING HIGHER EDUCATION

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- to the core campus nor used for university purposes. While most higher education boards and management teams are reluctant to give up ultimate ownership of their real estate holdings, a growing number of options are becoming available to those universities seeking to monetize their real estate assets or create a new revenue stream to support other mission-focused activities. These options most often take the form of a public-private partnership in which the university retains ultimate title and ownership of the real estate over an extended period of time, but allows a private investor to build or operate a facility. *(Source: Moody's Global U.S. Public Finance-Impact of Student Loan Market Turmoil; June 2008)*
4. **Small, Private Institutions Work to Help Ailing Local Economies.** The reality is – curb appeal does matter. In old mill towns and declining manufacturing centers, small, private liberal-arts institutions are assuming a greater responsibility for community and economic development. They and their alumni are raising money to purchase abandoned buildings. They are relocating college facilities, like bookstores and residence halls, to buoy up urban cores. They are working to better connect faculty experts with local entrepreneurs. Small-college and university presidents say they understand that their future is closely tied to the economic well-being of the areas they serve and from which they draw their students. Civic leaders say they are looking to college not simply to spruce up their city centers but also to help position them in an economy that values smarts more than strength. *(Source: The Chronicle of Higher Education; 05/16/08)*
  5. **The Manliest Campus in America.** It seems like a normal college campus. The wide, green lawns, stately architecture, students shuttling between classes – but where are the women? Hampden-Sydney College is among the last male-only colleges in the country. Along with Wabash College, Morehouse College, and Saint John's University in Minnesota, these four institutions are the only four-year colleges that still have an all male student body. Ask students why they attend Hampden-Sydney College and most don't mention the absence of women. Instead they point to the college's solid liberal-arts curriculum and strong alumni network. The all-male thing can be a drawback, admissions-wise, but once students enroll, it seems to be a plus. If they regret attending a female-free institution, they do a good job of hiding it. *(Source: The Chronicle of Higher Education; 05/09/08)*
  6. **Demographics are Changing in Higher Education.** A recent report by the National Center for Education Statistics found that minority students and women accounted for a large proportion of enrollment growth at colleges and universities in the decade leading up to the 2005-06 academic year. The report's findings show that women have made great strides relative to men over the 10 years leading up to 2005-06. Women account for nearly two-thirds of the increase in the number of bachelor's and master's degrees, and 85 percent of the increase in the number of doctorates awarded by higher education institutions. As of 2007, 34 percent of the nation's Hispanic population in the 25-to-29 age bracket had completed at least some college, compared with 66 percent of white and 50 percent of black U.S. residents in the same age group. *(Source: The Chronicle of Higher Education; 06/06/08)*
  7. **The Student Loan Market.** Has the U.S. created an education bubble fueled by easy money and over borrowing by families desperate to pay rising tuition costs? Economists, university officials and student-lending specialists say no-way. They attach a high monetary value to academic degrees, no matter how fast tuition rises. As proof, they cite the big and growing income gap between college graduates and people with just a high-school degree. But the student-loan market has been riddled with signs of trouble lately. Default rates are rising. Big name lenders are pulling out or scaling back. And investors who used to snap up bonds backed by bundles of student loans have snapped their checkbooks shut. Borrowing to pay for higher education may be a lot like mortgage-financed home ownership: a great idea that can be badly tarnished when financial markets lose all remnant of discipline. *(Source: The Wall Street Journal)*
  8. **Cost and Convenience Drive Veterans' College Choices.** When Sen. Jim Webb introduced his "21st-Century GI Bill" last year, he predicted it would give veterans of the wars in Iraq and Afghanistan the same educational opportunities that World War II veterans received under the original GI Bill of Rights, signed into law more than a half century ago. Mr. Webb's bill, which was signed into law in June 2008, will provide military personnel and recent veterans with enough aid to attend the most expensive public college in their states. Supporters say it has the potential to significantly expand college access for veterans and to increase their ranks at traditional four-year institutions. But recent enrollment trends and interviews with veterans suggest that cost is not the only factor keeping today's troops out of nonprofit, four-year institutions. Many veterans prefer community colleges and for-profit institutions because they are more convenient and cater to their needs. *(Source: The Chronicle of Higher Education; 07/25/08)*

## STATE HAPPENINGS

### CONNECTICUT

#### *Staff Changes*

Effective August 22, 2008, Richard Gray left his position as Executive Director of the Connecticut Health and Educational Facilities Authority. He has accepted the position of Vice President and Chief Financial Officer of the University of Connecticut and the University Health Center. Best of luck to Richard in his future endeavors.

Jeffrey A. Asher has been appointed Acting Executive Director until a determination is made by the Board of Directors on a permanent replacement.

### WISCONSIN

#### *Board Changes*

Richard J. Canter, Senior Vice President of Strategy & Corporate Affairs at Wheaton Franciscan Healthcare, Inc., has been appointed to a 7-year term on the Wisconsin Health & Educational Facilities Authority (WHEFA) board. He replaces Linda Bruce, who completed her term in June of 2008.

Kevin M. Flaherty, Vice President/Relationship Manager at Associated Commercial Finance, Inc., has also been appointed to serve on the WHEFA board. He replaces Tonit Calaway and will complete her term which expires in June of 2010.

#### *Staff News*

Larry Nines, Executive Director, celebrated 25 years with WHEFA on August 15, 2008.

His dedication and commitment to the health and education industries in the State of Wisconsin is truly appreciated.



National Association of Health and Educational Facilities Finance Authorities

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