Happy Holidays

NAHEFFA

National Association of Health and Educational Facilities Finance Authorities

naheffa.com December 2011

SPRING CONFERENCE ANNOUNCEMENT

The Spring NAHEFFA Conference is now open to all industry participants and sponsors. The conference will be held from Monday, March 26, 2012 through Wednesday, March 28, 2012 at the Liaison Capitol Hill Hotel (www.affinia.com/Washington-DC-Hotel). The conference committee is working on an excellent agenda for this conference. Please check the NAHEFFA website (www.naheffa.com) for registration and sponsorship information in the coming months.

PRESIDENTS MESSAGE

By Maribeth Wright

I would like to take this opportunity to thank the California Health and Higher Education Authorities for hosting our fall conference in San Diego on October 3-5th. It was a great setting with wonderful California weather. I would also like to recognize the efforts of the Conference and Education Committee for their hard work in putting together timely and informative sessions with excellent speakers. We ended the conference with an interactive strategic planning session. The membership provided helpful feedback on the strategic initiatives the Strategic Planning Task Force had developed during the summer. I appreciate all the time and effort that has gone into this process to date.

Strategic Initiatives have emerged from all the data collected throughout the strategic planning process, which included a Board survey, two face-to-face meetings of the Strategic Task Force and our consultant, a membership survey and an interactive strategic planning session with all members in San Diego. An outline of the strategic planning process can now be found on the NAHEFFA website.

Here is where we currently are with our thinking on the strategic initiatives as we move them forward into action plans and specific actions.

NAHEFFA Strategic Initiatives:

Conferences –
Focus on the organization goals of advocacy, education and engagement.

- Going forward the Strategic Planning Task Force, along with the Conference Committee, will be considering the rotation of conference locations beginning in spring 2013.

IT-Website -
It is time to look at desired options/uses for the NAHEFFA website as there is potential for it to be redesigned.

- Upgrade website as a tool to keep membership updated on current issues and potentially use it for education purposes and advocacy issues.
- Develop a budget for this redesign project and hire a part-time IT manager to redesign and maintain website.

Member Re-engagement -
Reach out to authorities where there have been mergers and to states that are members, but haven't been active for several years, to re-engage them with NAHEFFA.

- Engage young professionals/staff that attend our conferences.
- Engage Authority Board Members in the association.
- Bring back the mentoring program.

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PRESIDENTS MESSAGE

Membership Expansion –
The first priority is to look at states where we don't have members – expand our footprint.

- Pass By-Law changes to expand membership rules.
- Add a new category of affiliate members (borrowers).

Part-Time Staff-
Hire a part-time position for Advocacy/Communication/ Conferences –one position in place summer 2012.

- Committee will draft a job description for this position, as well as a budget. Determine timeline for announcement of job as well as hiring process.

Collaboration-
In Washington DC explore where, who and what might be opportunities for greater footprint in advocacy, conferences, education and serving/ developing young professionals.

Education Tools –
In Washington DC, need to determine the priorities and format for education programs.

- Committee will craft a template of offerings and will obtain feedback from members in DC.

As we begin the process of implementing these initiatives, I will keep the membership updated. Information will also be posted to the NAHEFFA website. I welcome any feedback you have regarding the strategic planning process in general or on the specific initiatives. Feel free to email or call me at maribeth.wright@ihela.org or 515-282 -3769.

We have covered a lot of ground in the past 6 months with the strategic planning process, but there is much more work to be done. At our Spring Conference in Washington DC, we will engage the membership in discussions to provided necessary feedback on these new initiatives and the future direction of NAHEFFA.

With the early arrival of the first "snow storm", I am reminded that the holidays are fast approaching. I want to extend to you my best wishes for the holiday season and a happy new year.

WASHINGTON ADVOCACY REPORT

By Charles A. Samuels
Mintz Levin
Dated: November 8, 2011

As of this writing, all eyes are on the Super Committee which is required to report a plan for deficit reduction by November 23. The Committee's recommendations – which will get up or down votes on the House and Senate floors -- may include a combination of budget cuts, entitlement reductions, and changes in tax provisions (including tax-exempt bonds). If no agreement is reached, there is an automatic sequestration which would take place in 2013 unless Congress intervenes subsequently. Major budget cuts-- particularly defense -- and entitlement reductions are part of the sequestration.

By the time you read this, we may know the final decisions, but today Washington is rife with rumors about what the Super Committee will do and how it will affect particular interests, in our case tax-exempt bonds. One possibility is that the Committee will not come to any agreement because of partisan differences; the sequestrations will be put in place for 2013 but they will never be effective because the Congress will subsequently change the law. This is a somewhat cynical result and party leaders are scrambling to ensure it does not occur because it would be a condemnation of both parties and Congress.

A second possibility is there will be some type of agreement and it may include tax provisions. This has defenders of tax-exempt bonds quite nervous, of course. We could see a combination of the Obama proposal to limit various tax deductions and exclusions for high income tax payers -- which would cap tax-exempt interest -- and tax-exempt bond-specific provisions.

Third, an agreement might not include specifics on taxes but would set out a road map for "tax reform" that will include a budget for reducing tax expenditures, including the tax-exemption for state and local bonds. Under this scenario, the tax writing committees, Senate Finance and Ways and Means, would be required in some period of time to determine how to reduce tax expenditures. A whole range of tax provisions -- from mortgage deductions to charitable deductions to tax-exempt bonds -- will be pitted against each other. Indeed, one could envision that types of tax-exempt bonds will end up arguing their value versus others.

This situation is a mess and confusing. NAHEFFA authorities with congressional members who are part of the Supercommittee have been lobbying them directly and NAHEFFA has been involved in coalition activity on tax-exempt bonds. These activities

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WASHINGTON ADVOCACY REPORT

will be enhanced and need to be intensified and accelerated under some of the scenarios stated above. At this point, targeted lobbying is very difficult not only because of the small number of decision-makers involved but because we do not even know what particular anti-tax-exempt bond provisions might be the center of focus. Specific provisions that limit the use of tax-exempt bonds - such as a cap or restriction on conduit financing? Or, something like the President's proposal, which in order to ensure that wealthy individuals pay a minimum amount of taxes, limits the full taxability for tax-exempt bonds and other tax expenditures or breaks?

We also need to recognize that bond financing is not the number one priority of state and local governments and health care and education institutes, thereby diluting power of the advocacy.

NAHEFFA has had a special focus of working with the muni bond analyst community to develop critiques ranging from reviewing the purported alternatives to tax-exempt bonds – e.g., taxable bonds (Build America type) bonds or tax credit bonds – to the purported revenue losses from tax-exempt bonds and the tax revenues from their taxation (less than alleged, because wealthy investors will seek other tax-preferred investments.) The analyst community also has prepared good responses to the abovementioned President's proposal to partially tax bonds owned by wealthy investors.

On the disclosure/securities regulatory side, the SEC, the MSRB and their allies continue to advocate greater and improved disclosure. The SEC in particular is interested in legislative expansion of its authority to be able to directly regulate issuers/borrowers. Several congressmen have been developing legislation to that end.

The record for disclosure for tax-exempt bonds, including 501(c)(3) bonds, is generally positive. But all municipal finance participants must look for ways to highlight good disclosure practices and perhaps note where disclosure, particularly post-issuance continuing disclosure, falls short. One idea is to use the EMMA disclosure system operated by MSRB to highlight those issuers/borrowers who make timely disclosures, and those who don't. An idea like that undoubtedly is problematic for various reasons. But, the community, in my opinion, must show continuous improvements to fend off regulation.

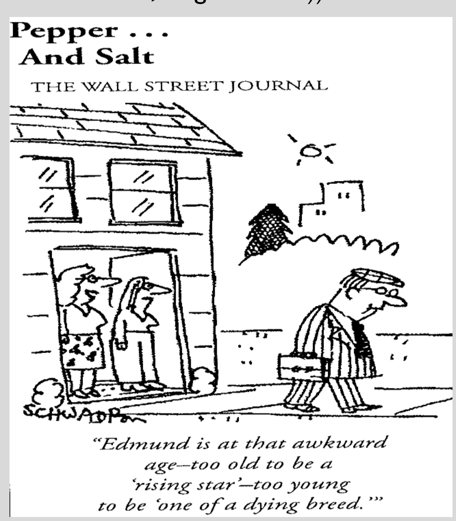
DEBT TO DEGREE: A NEW WAY OF MEASURING COLLEGE SUCCESS

The American higher education system is plagued by two chronic problems: dropouts and debt. Barely half of the students who start college get a degree within six years, and graduation rates at less-selective colleges often hover at 25% or less. At the same time, student loan debt is at an all-time high, recently passing credit card debt in total volume. Loan default rates have risen sharply in recent years, consigning a growing number of students to years of financial misery. In combination, drop-outs and debt are a major threat to the nation's ability to help students become productive, well-educated citizens.

Education Sector (educationsector.org) has created an overall measure of value, one that combines debt and graduation called the "borrowing to credential ratio." For each college, they take newly available U.S. Department of Education data showing the total amount of money borrowed by undergraduates and divided that sum by the total number of degrees awarded. The results revealed:

- Nationwide, the overall borrowing to credential ratio has risen sharply in recent years.
- Certain segments of the higher education industry – in particular, for-profit colleges – are racking up far more student debt per degree than others.
- State policies matter a great deal, with seemingly similar public university systems achieving widely varying results for students.
- Among elite colleges and universities, some are making good on their pledge to help low- and middle-income students graduate without major financial burdens while others are riding a wave on student debt to fame and fortune.

(Source: educationsector.org – Charts you can Trust (Debt to Degree: A New Way of Measuring College Success by Kevin Carey & Erin Dillion; August 2011))



RATIOS FOR PRIVATE COLLEGES & UNIVERSITIES

Standard & Poor's has released data on financial ratios for its rated private colleges and universities for fiscal year 2010. They continue to use a broad spectrum of financial and demand ratios in determining both a rating and the outlook for college and university bond financings. The following medians are based on a sample size of private colleges and universities. The financial ratios are compiled from fiscal year 2010.

RATING CATEGORY (Medians Used)

	AAA	AA	A	BBB
Sample Size	15	45	89	86
Tuition (%)	25.8	47.6	69.6	74.7
Grants & Contracts (%)	17.9	3.4	1.8	1.4
Investment & Endowment Income (%)	13.5	9.4	3.1	1.0
Financial Aid Burden (%) *	12.2	16.7	21.1	22.5
Total Outstanding Debt ($000s)	873,044	211,959	86,471	46,856
Current Debt Service Burden (%) *	4.1	3.6	4.3	4.2
Cash & Investments to Operations (%) *	771.8	326.6	122.2	59.3
Cash & Investments to Debt (%) *	581.7	357.5	211.0	99.1
Unrestricted Resources to Debt (%) *	217.7	126.0	81.6	37.9
Net Tuition ($) per FTE	20,298	23,577	20,001	16,142
Total Adjusted Operating Revenue ($) per FTE	157,378	76,170	45,296	31,622
Unrestricted Resources ($) per FTE	322,351	70,499	19,794	5,538

* Definitions

Financial Aid Burden (%) – Total financial aid costs/total operating expenses
Current Debt Service Burden (%) – Current debt service/total operating expenses
Cash & Investments to Operations (%) – Total cash and investments/total operating expenses
Cash & Investments to Debt (%) – Total cash and investments/total debt
Unrestricted Resources to Debt (%) – Unrestricted resources/total debt

To receive a complete listing of the ratios, please contact Standard & Poor's at (212) 438-2079 or go to www.standardandpoors.com/ratingsdirect . *(Source: Standard & Poor's Global Credit Portal – Ratings Direct; June 30, 2011)*

OUTLOOK & MEDIANS FOR HEALTHCARE

Moody's Investors Service has recently released data on Fiscal Year 2010 Not-for-Profit Hospital Medians for both the not-for-profit hospitals and healthcare systems. The medians are based on an analysis of audited financial statements for 401 free-standing hospitals and single-state healthcare systems and 16 multi-state healthcare systems, representing 94% of all rated healthcare entities that are eligible to be included in the medians. The median rating for the sector remains A3.

MEDIANS BY BROAD RANGE CATEGORY, 2010

	All Ratings	Aa	A	Baa	Below Baa
Median Sample Size	401	54	195	114	38
Operating Margin *	2.4%	4.5%	2.6%	1.0%	-1.0%
Excess Margin *	4.7%	7.6%	5.3%	3.3%	0.6%
Maximum Annual Debt Service Coverage (x) *	4.1	6.3	4.6	3.1	2.1
Cash on Hand (Days) *	160.1	228.5	179.7	116.6	75.2
Cushion Ratio (x) *	14.4	25.7	16.7	9.6	6.4
Debt-to-Capitalization *	41.8%	31.1%	38.6%	51.4%	57.9%

MEDIANS FISCAL YEARS 2006-2010

	2006	2007	2008	2009	2010
Operating Margin *	2.6%	2.3%	1.9%	2.3%	2.4%
Excess Margin *	5.2%	5.1%	4.3%	4.6%	4.7%
Maximum Annual Debt Service Coverage (x) *	4.0	4.1	3.8	4.0	4.1
Cash on Hand (Days) *	161.5	165.3	142.1	145.5	160.1
Cushion Ratio (x) *	15.0	14.9	12.8	13.2	14.4
Debt-to-Capitalization *	39.0%	37.9%	41.5%	42.5%	41.8%

* Definitions

Operating Margin (%) – (total operating revenue – total operating expenses) / total operating revenue
Excess Margin (%) – (total operating revenue – total operating expenses + non-operating income) / (total operating revenue + non-operating income)
Maximum Annual Debt Service Coverage (x) – net revenue available for debt service / estimated future peak principal payments and interest expense
Cash on Hand (days) – (unrestricted cash and investments x 365) / (total operating expenses – depreciation and amortization expenses)
Cushion Ratio (x) – unrestricted cash and investments / estimated future peak debt service
Debt-to-Capitalization (%) – (long-term debt + short-term debt) / (long-term debt + short-term debt + unrestricted fund balance)

To receive a complete copy of this report, please contact Moody's at (212) 553-4431 or go to www.moodys.com. *(Source: Moody's Investors Service – U.S. Not-for-Profit Hospital Medians Show Resiliency Against Industry Headwinds But Challenges Still Support Negative Outlook; August 30, 2011)*

RATIOS FOR CONTINUING CARE RETIREMENT COMMUNITIES

Fitch Ratings has released data on 2010 Median Ratios for Continuing Care Retirement Communities (CCRCs). As of September 20, 2011, Fitch has ratings on 69 CCRCs. The ratings are distributed as follows: 26 in the 'A' rating category, 34 in the 'BBB' category, and nine in the below-IG (below investment grade) category. The average rating among Fitch's rated CCRC credits remains in the 'BBB' rating category, consistent with results over the past half decade.

CCRC MEDIANS BY RATING CATEGORY

	IG * Medians		'A' Medians		'BBB' Medians	
	2009	2010	2009	2010	2009	2010
IG * Credits	66	59	25	26	41	33
Days Cash on Hand *	406.3	442.0	528.1	557.2	372.7	361.4
Cushion Ratio (x) *	7.2	7.7	14.1	15.2	6.1	5.9
Operating Ratio (%) *	94.5	95.8	94.1	94.0	98.6	97.4
Excess Margin (%)*	1.7	3.7	1.6	6.8	1.7	2.5
MADS Coverage Ratio - Revenues Only (x) *	0.8	1.1	1.0	1.4	0.6	0.8
Adjusted Debt-to-Capitalization (%) *	54.0	53.0	46.0	41.5	64.0	62.0

CCRC MEDIANS BY CONTRACT TYPE

	Type A *		Type B *		Type C *	
	2009	2010	2009	2010	2009	2010
Total Number of Credits	28	24	15	15	23	20
Days Cash on Hand *	420.1	451.9	391.6	478.3	401.4	401.7
Cushion Ratio (x) *	7.0	7.3	7.1	7.4	11.4	7.8
Operating Ratio (%) *	101.1	99.8	94.1	95.8	92.5	91.5
Excess Margin (%) *	1.6	2.6	4.6	3.2	1.6	4.6
MADS Coverage Ratio – Revenue Only (x) *	0.3	0.6	0.8	1.1	1.5	1.4
Adjusted Debt-to-Capitalization (%) *	50.5	47.5	66.0	61.0	54.0	49.5

* Definitions

IG – Investment Grade
Type A – Extensive Agreement (Life Care): In addition to housing, residential services, and amenities, this contract includes an unlimited amount of nursing care with no increase in monthly service fees.
Type B – Modified Agreement: This contract includes housing, residential services, and amenities. It also covers a certain amount of long-term nursing care (e.g. 30 days per year).
Type C – Fee-For-Service: This contract includes housing, residential services, and amenities. Residents have guaranteed access to the CCRC's nursing home but pay prevailing market rates.
Days Cash on Hand – unrestricted cash and investments / daily cash operating expenses
Cushion Ratio (x) – unrestricted cash and investments / maximum annual debt service (MADS)
Operating Ratio (%) – (total operating expenses – depreciation and amortization expense) / (total revenue – amortization of advance fees)
Excess Margin (%) – (total operating revenue – total operating expenses + non-operating revenue) / (total operating revenue + non-operating revenue)
Debt Service Coverage Ratio (x) – (excess income (loss) + interest, depreciation, and amortization expenses – amortization of advance fees + net advance fees received) / MADS
Adjusted Debt-to-Capitalization (%) – (long-term debt + capital leases – current maturities) / (long-term debt + capital leases – current maturities + deferred revenues from nonrefundable advance fees + unrestricted net assets)

To receive a complete copy of this report, please contact Fitch Ratings at (212) 908-9186 or go to www.fitchratings.com. *(Source: Fitch Ratings Public Finance – 2011 Median Ratios for Continuing Care Retirement Communities; September 20, 2011)*

6 Reasons for a Non-Profit Hospital Negative Outlook

Non-profit hospitals represent roughly 80% of all hospitals in the United States. In 2008, Moody's Investors Service changed the outlook for non-profit hospitals from "stable" to "negative". Much of it was driven by the financial meltdown and recession, and the economy continues to take its toll on hospital finances today. Recognizing the challenges and reasons behind the outlooks can help provide a little clarity and ideas for hospitals to fight the negative trends.

1. Uncertainty Behind Healthcare Reform.

The Patient Protection and Affordable Care Act (PPACA) was a large piece of legislation that changed several components of the healthcare system, but many of the provisions of the PPACA have yet to take full force. Additionally, the Budget Control Act will impact hospital reimbursements..

2. Medicare, Medicaid Reductions.

Non-profit hospitals again have large portions of their budgets at the mercy of state and federal lawmakers. Medicare accounts for roughly 43% of a non-profit hospital's revenue base, but the federal government now seeks to reduce the deficit and reign in Medicare costs. Additionally, state lawmakers are trying to balance their own budgets by cutting Medicaid reimbursements, as is being seen in New Hampshire and Wisconsin.

3. Slowed Reimbursements From Private Payors.

From 2009 to 2010, hospitals only experienced a 4% revenue growth, the lowest in the past two decades. People without jobs are not able to afford the private insurance, leading to the decline in enrollment, and health insurers looking to increase their rates by 10% or more must submit their request to state or federal regulators who will determine if the hikes are acceptable.

4. Labor Uncertainty.

Hospitals are labor-intensive enterprises, as salaries and benefits could represent upwards of 50% of a hospital's total expenditures. Downsizing the labor footprint is leading to a new wave of labor management for hospitals. There are now going to be fewer nurses per patient, and a lot remains to be seen about how productive a hospital can be with such a decline in labor.

5. Changes in Hospital Operational Process.

Bundled payments and other changes are likely to disrupt hospital revenues, and these new transitional operations are going to require a lot of effort on the part of non-profit hospitals.

6. Increase in Uncompensated Care.

The depressed economy is producing increases in charity care as individuals who have lost their healthcare or COBRA coverage are requiring immediate medical help in lieu of preventive care. Many hospitals are expanding their front-end registration process to qualify more patients for government funding, which is more favorable than simply classifying those patients as a bad debt expense.

(Source: From Stable to Negative: 6 Reasons Behind Gloomy Non-Profit Hospital Outlooks, by Bob Herman; 10/04/11)

BRIEFLY NOTED

Long-Term Care

… A large majority of retirees say life is the same (44%) or better (29%) than it was during the five years before they retired. Many say their stress is less, relationships are better, diet is improved, and time doing favorite activities is increased. *(Source: Provider; November 2011)*

… Florida, still a retirement mecca today, has 500,000 residents with Alzheimer's disease. By 2025, that number will grow to 700,000. *(Source: Orlando Sentinel; 08/30/11)*

… Our nation's nursing homes are facing a $4 billion drop in annual Medicare payments representing a 2% drop in total revenues. *(Source: MSN Money Partner; 08/08/11)*

… From 2005 through 2009, Medicare spending on hospice care rose 70% to $4.3 billion. A recent HHS report shows for profit hospices were paid 29% more per beneficiary than non-profit hospices. Medicare pays for 84% of all hospice patients. *(Source: USA Today; 08/08/11)*

"Heads, you get a quadruple bypass. Tails, you take a baby aspirin."

Acute Care

… 63% of non-profit hospitals had fiscal year 2010 operating margins of only 0% - 5%. Median revenue growth for the same period is only 4% on average. Such hospitals represent 80% of all U.S. acute-care operations. *(Source: The Wall Street Journal; 08/10/11)*

… Americans die more frequently than their counterparts in other countries as a result of preventable or treatable conditions such as infections, screenable cancers, diabetes, and surgical complications. In 2006-07 the U.S. recorded 96 preventable deaths per 100,000 people, compared to 55 deaths per 100,000 people in France. *(Source: Los Angeles Times; 10/18/11)*

… DaVinci robotic surgical systems are now available in 2000 hospitals around the world, yet no study has ever shown its clinical superiority, much of which may relate to its laparoscopic approach. These systems cost between $1.2 and $2.2 million. Patients and insurance companies pay the same for a DaVinci assisted or by-hand procedure. *(Source: Los Angeles Times; 10/17/11)*

… 32 million Americans take 3 or more medications daily. 75% report not always taking their medications as prescribed. 30% stop taking their medicine before it runs out. *(Source: The Wall Street Journal; 10/01/11)*

… As states try to lower their operating costs, including Medicaid, one method being used with success is to identify veterans on Medicaid who are eligible for military benefits and make sure they are receiving everything from the VA to which there are entitled. *(Source: www.usmedicine.com; 10/14/11)*

… The Mayo Clinic continues its cutting edge research on developing a vaccine to prevent certain types of cancer. Human trials should begin in 2012. *(Source: Star Tribune; 10/11/11)*

… The Association of American Medical Colleges estimates there is a shortage of 13,700 doctors nationwide in all specialties, which will grow to 63,000 by 2015, and 130,000 by 2025. *(Source: www.cleveland.com; 08/30/11)*

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BRIEFLY NOTED

… Today, 55% of all physicians in the U.S. are hospital employed. Average spending on healthcare per capita and total expenditures on healthcare as a percentage of GDP in the U.S. mirrored rates in other developed countries until 1980. Then U.S. rates and percentages diverged, becoming much higher. Comparing healthcare costs by age in developed countries shows likeness until the age of 55 and older, where U.S. spending comparatively grows exponentially higher. *(Source: Kaufman Hall Leadership Conference; 10/26/11)*

… Observations Regarding Health Care in 2011:

- Healthcare in America is unaffordable for patients, for employees, for state, and federal governments.
- Solving the federal deficit requires a solution to the Medicare budget.
- There is no revenue solution to the survivability of hospitals. It is now a "cost game" and a "care organization game".
- Provider revenues will be under pressure as payment mechanisms migrate toward value – based approaches.
- Both inpatient and outpatient use rates will decline the next five to ten years.
- Providers will consolidate at an accelerated pace – horizontally and vertically.
- The competitive landscape will be reshaped (insurers want to remain relevant).
- Technology will become a major disruptive change agent in healthcare.

(Source: Kaufman Hall Leadership Conference; 10/26/11)

<u>Education</u>

… Each August since 1998, Beloit College, in Wisconsin, has released the Beloit College Mindset List. It aims to help professors understand what their new freshmen experienced (and didn't) growing up. While some items relate to technology, many reflect the cultural and political world views of today's 18-year-olds. Most students entering college for the first time this fall were born in 1993. Here are some of the findings:

- There has always been an Internet ramp onto the information highway.
- There have always been at least two women on the Supreme Court, and women have always commanded U.S. Navy ships.
- As they've grown up on websites and cell phones, adult experts have constantly fretted about their alleged deficits of empathy and concentration.
- "Don't touch that dial!"….what dial?
- Refer to LBJ, and they might assume you're talking about LeBron James.
- Women have never been too old to have children.
- Video games have always had ratings.
- Jimmy Carter has always been a smiling elderly man who shows up on TV to promote fair elections and disaster relief.
- Unlike their older siblings, they spent bedtime on their backs until they learned to roll over.
- Music has always been available via free downloads.
- Grown-ups have always been arguing about health care policy.
- Electric cars have always been humming in relative silence on the road.
- They're the first generation to grow up hearing about the dangerous overuse of antibiotics.
- Their parents have always been able to create a will and other legal documents online.
- Charter schools have always been an alternative.
- They've often broken up with their significant others via texting, Facebook, or MySpace.
- Frasier, Sam, Woody and Rebecca have never Cheerfully frequented a bar in Boston during primetime.
- Nurses have always been in short supply.
- "PC" has come to mean Personal Computer, not Political Correctness. *(Source: www.beloit.edu/mindset)*

… In a cost saving and green environment effort, more colleges (including Notre Dame) are going to be printing their diplomas on paper rather than animal (sheep) skin or parchment. *(Source: The Chronicle of Higher Education; 10/20/11)*

… Financial aid for college students has always been grouped by need based and merit based applications. In 1995, 32% of all undergraduates received need based assistance, while 6% received merit based aid. By 2008, both had grown with need based at 37% and merit based at 14% of the population surveyed. *(Source: Inside Higher Education; 10/19/11)*

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Briefly Noted

… Ohio State, MIT, and USC have joined a short list of large, recognizable public corporations by successfully issuing debt with a 100 year maturity in 2111. The bond issues were done taxably to avoid useful life issues, and took advantage of the current historically low interest rates. *(Source: The Bond Buyer; 10/19/11)*

… Default rates on federal student loans have risen to 9% in 2010 from 7% in 2008. Student defaults at for-profit colleges rose from 12% to 15% for the same period. A Rutgers University study found that for students who graduated between 2006 and 2010, only 53% held full-time jobs. *(Source: The Wall Street Journal; 09/13/11)*

… New student enrollment at 10 of the biggest for-profit colleges declined an average of 14.1% in the 3rd quarter of 2011, a reflection of a weak economy and increased scrutiny of the sector. *(Source: The Chronicle of Higher Education; 09/02/11)*

… Weeks after Indiana began the nation's broadest school voucher program, thousands of students have transferred from public to private schools, causing a spike in enrollment at some Catholic schools that were recently on the brink of closing. *(Source: Associated Press; 08/29/11)*

… When the dust settles in a few years, it is likely that as many as 72 of the U.S. major colleges will find themselves to be part of one of four mega-conferences (ACC, Big Ten, Pac-18, and SEC). *(Source: Fox Sports; 08/17/11)*

… American graduate schools accepted 11% more international applications in 2011 than 2010. Chinese applicants accepted are up 23%. *(Source: Inside Higher Education)*

… In a drive toward textbook customization, more professors are using services that develop custom publications from several sources and are offering the combined materials to students online, in paperback, or hardcover. *(Source: The Chronicle of Higher Education; 10/14/11)*

… Many colleges are starting to question whether the current model of small classes, rigid schedules, limited course and major offerings, and intense academic rigor is going to continue to appeal to students. Many wonder if relying on high tuition costs and student aid paying for expensive instruction and residential life on beautiful campuses is sustainable. *(Source: Inside Higher Education; 10/10/11)*

… The U.S. is still on top of the country list with the largest number of all college degrees (25%), while China residents hold 12%. In the age group of 25-34, the U.S. holds 20.5% and China holds 18.3%. *(Source: Wisconsin State Journal; 09/16/11)*

General

… A universal flu vaccine that protects for years or a lifetime is nearing introduction. *(Source: Houston Chronicle; 08/10/11)*

… Since man first appeared around 50,000 BC, an estimated 108 billion people have lived on Earth. With a current population just crossing over 7 billion, 6.5% of all humans ever born are alive today. It took 11 years for the population to grow from 5 billion to 6 billion; 13 years to grow from 6 billion to 7 billion; and should take 14 years to grow from 7 billion to 8 billion. *(Source: TIME; 10/31/11)*

Pepper . . .
And Salt
THE WALL STREET JOURNAL

"This year they sent us an ordinary card and said if we're interested in their family news, we can log onto their Website."

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BRIEFLY NOTED

… To travel from the earth to the moon would take:

- An Olympic runner 356 days
- A jet aircraft 8 days
- A space craft 73 hours
- Light 1.2830 seconds
- A neutrino 1.2829 seconds (recently discovered and faster than the speed of light) *(Source: TIME; 10/31/11)*

… As the U.S. postal service struggles to balance expenses and revenues, consider the following facts :

- It operates twice as many outlets as McDonalds.
- It runs the largest vehicle fleet in the world.
- It still employs nearly 600,000 despite reductions. *(Source: Slate; 08/18/11)*

… A growing number of businesses are moving their new hire recruiting away from MBA graduates and toward bachelor candidates citing cost and more malleable workers as reasons. *(Source: The Wall Street Journal; 10/6/11)*

… With a near tripling in shipping costs and a lowering wage cost on a productivity adjusted basis, more U.S. manufacturers are bringing products back from China to be produced here in the U.S. *(Source: TIME; 10/10/11)*

… September 25th marked the end of bull fighting in Barcelona and the Spanish Catalonia region, and may mark the beginning of the end to such events throughout the world. *(Source: Vancouver Sun; 09/24/11)*

… For the first time in 2009, U.S. drug related deaths (37,485) exceeded deaths resulting from motor vehicle accidents. *(Source: Los Angeles Times; 09/19/11)*

… 2010 median U.S. family income, adjusted for inflation, has fallen for the third year in a row and is now where it was in 1996 ($49,445). *(Source: The Wall Street Journal; 09/14/11)*

… Currently 5.8 million U.S. children (8% of all children) are living in a household headed by a grandparent. This is up 1/3 from 2000 and reflects economic conditions, dysfunctional family growth, and the growing ability of grandparents to take on such a role. *(Source: Associated Press; 08/31/11)*

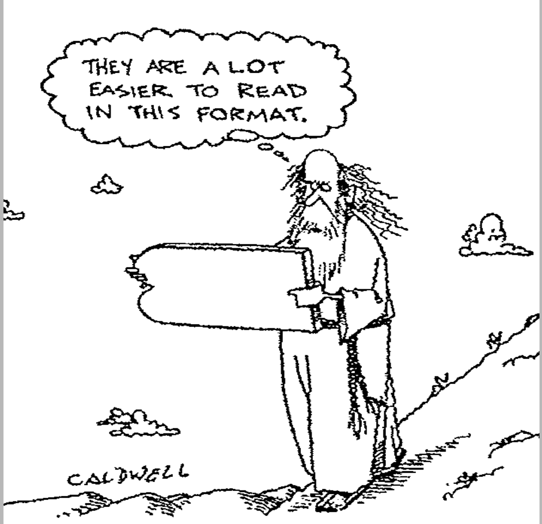
… In a recent survey of 500 CFO's, almost half said the corporate tax system in the U.S. is seriously flawed and needs a complete overhaul, while 47% said it has some flaws and needs reform, and only 6% said the system works well. *(Source: CFO; October 2011)*

… The Municipal Securities Rulemaking Board has entered into a ground breaking agreement with the IRS to provide municipal market data to help enforce tax law requirements for muni securities. *(Source: The Bond Buyer; 10/24/11)*

… Dozens of foreign insects and plant diseases have slipped undetected into the U.S. in the years since 9/11 as customs and boarder agents have had to focus resources on preventing another attack, thus creating a pest explosion that threatens the nation's food supply. *(Source: Associated Press; 10/11/11)*

Pepper . . .
And Salt

THE WALL STREET JOURNAL



National Association of Health and Educational Facilities Finance Authorities