

NEWSLETTER

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EdFed Testimonials

John K. Pittsburg, PA says...

The loan representative handling my loan was extremely aggressive in following up on a consolidation application I started. And I'm thankful for that. Because of all the reminders, and the convenience of pre-paid FedEx envelopes, I'm sending my application back and will save lots of money. Thanks for not forgetting about me.

NEW JERSEY LOAN GUARANTOR AND ATTORNEY GENERAL REACH SETTLEMENT

- CARINA ZARAGOZA

The New Jersey Higher Education Student Assistance Authority (HESAA) and the New Jersey Attorney General have reached an agreement that ends an investigation into the loan guarantor's business dealings with two Federal Family Education Loan Program (FFELP) lenders. The details of the agreement were announced in a press release posted on the New Jersey Office of the Attorney General's website.

The state's attorney general, Anne Milgram, and U.S. Senator Edward M. Kennedy (D-MA) opened an investigation last May into the arrangements between the HESAA and two FFELP lenders, Sallie Mae and Nelnet. The investigation examined the legality of the arrangements, which resulted in the HESAA receiving about \$2.2 million per year from the lenders. The monies were a percentage of the volume of the loans steered towards the lenders by the HESAA. These business practices may have been in violation of the New Jersey Consumer Fraud Act, prompting the investigation.

While similar allegations were made about several college financial aid offices and student loan lenders, these were the first of their type to be made regarding a guaranty agency. The settlement (agreed to by both parties on February 6, 2008) reached between the HESAA and the attorney general's office represents an end to that investigation.

Among the agreements made between the HESAA and the state attorney general, referred to as an Assurance of Voluntary Compliance:

- \$7.8 million that the HESAA received from the lenders will be used to increase benefits to students, including:

- Lowering student loan rates
 - Paying default fees
 - Providing scholarships
 - Increasing student loan forgiveness programs
- Independent monitoring of the HESAA will occur to ensure compliance with the agreement.
 - Arrangements with lenders will end.
 - Certain marketing practices will cease.
 - A code of conduct will be adopted.
 - A chief compliance officer will be hired within 60 days of the agreement to ensure the HESAA complies with state and federal laws.

To further ensure proper relationships between lenders, schools, and state agencies, Attorney General Milgram distributed a code of conduct to all New Jersey public and private higher education institutions. The code of conduct "prohibits financial ties between schools and student lenders." Forty-one colleges and universities have thus far signed the code of conduct voluntarily. A few colleges and universities have adopted their own codes of conduct, which are being reviewed by the attorney general's office to ensure they are similar to Milgram's own. About nine colleges and universities have not adopted codes of conduct and are being investigated by the attorney general's office.

The HESAA contributes \$1.2 billion in financial aid to New Jersey students each year. The funds are administered to students in the forms of scholarships, grants, and loans. The HESAA has been providing financial aid

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since 1959 and is one of 34 such guaranty agencies in the country.

On the Net

Inside Higher Ed
www.insidehighered.com

Assurance of Voluntary Compliance
www.nj.gov/oag/newsreleases08/HESAA-Assurance-of-Voluntary-Compliance.pdf

Attorney General Issues Loan Code of Conduct for State Colleges and Universities
www.nj.gov/oag/newsreleases07/pr20070904a.html

REPORT ON HIGH SCHOOL TO COLLEGE TRANSITION

- CARINA ZARAGOZA

Why do some high school students transition more smoothly and more successfully to college than others? This is the central question investigated in the study *School Strategies and the "College-Linking" Process: Reconsidering the Effects of High Schools on College Enrollment*. The study appeared in the January 2008 issue of *Sociology of Education*. The journal is published by the American Sociological Association.

The study was conducted by Lori Diane Hill, assistant professor of education at the University of Michigan. Previous research focused on resources available to high school students, finding wealthier high schools provided their students with advantages and thus ensured high rates of success. However, the focus of this study is college advising as provided by high schools and counselors. The study identifies three general styles and measures the success rate of each.

Hill surveyed a national database that tracks students from high schools across the country in major metropolitan areas. The database includes information about how many students ended up in college, how many didn't, and where.

The report identifies three major styles of guidance counseling:

- Traditional: There is not much hands-on, interactive counseling at all.
- Clearinghouse: Counseling offices provide materials on colleges and financial aid.
- Brokering: An active approach is taken by counselors and departments.

Hill found that brokering resulted in the highest success rates for students. Brokering encourages college enrollment through various activities. Counselors who engage in brokering encourage college visits, assist with completing

college applications and financial aid forms, and proactively contact college officials and parents.

Brokering is used at 56% of the schools in the database. However, interestingly, Hill found that brokering is largely practiced in private high schools, which account for almost half of the schools that use the brokering method. Thus, students attending private high schools are more likely to make the transition to college.

The clearinghouse method did show signs of positive impact on students. However, students who were not considering attending a four-year institution experienced negative results from the clearinghouse method.

The least effective method, traditional, is used at a majority of schools with large black and Latino student populations. Hill found that there is a wealth correlation between brokering schools and non-brokering schools.

Hill hopes the study will bring attention to each school's infrastructure and organization. Also, Hill stressed that all schools, even schools that primarily use the brokering approach, must provide resources to students who are considering community college or who do not anticipate attending college at all. Many of these students do not receive as many resources or as much guidance as those seeking to attend four-year colleges.

On the Net

Inside Higher Ed
www.insidehighered.com

School Strategies and the "College-Linking" Process: Reconsidering the Effects of High Schools on College Enrollment
www.asanet.org/galleries/default-file/Jan08SOEFEATURE.pdf

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NEWS IN BRIEF

ADMINISTRATORS AT KENTUCKY LAW SCHOOL RESIGN IN LIGHT OF FINANCIAL TROUBLES

Three school administrators at Paducah, Kentucky's American Justice School of Law resigned on February 11 after a retired surgeon elected to buy the school in a bid to save it from its ongoing financial losses. Dean and founder Paul Hendrick, Associate Dean Jerrod Turner, and Chairman of the Board of Directors Wayne Shelton all resigned in accordance with a plan proffered by Dr. Robert Meriwether in the hope that the school may be rescued from severe economic downfall. Founded in 2005, American Justice is currently seeking accreditation after being denied provisional accreditation by the ABA in August 2007. Collectively, Hendrick, Shelton, and Turner own 75% of the school's stock and are being sued by former board member Tom Osborne and 30 law students for pilfering school funds and violating various laws.

YALE LAW SCHOOL HOUSING STEADILY DECLINES

Yale Law School may be one of the best legal education institutions in the nation, but its housing situation has deteriorated beyond the point of recovery — at least for now. Recently, the school's last remaining dormitories closed their doors. The school has witnessed a steady

decline in the number of available beds in its dorms over the last decade: in 1994 there were 154 available beds; by 2004 the number had fallen to 56; and last year there were just 23. The closing of the Sterling Law Building dormitories will mark the first time no students have lived there since the law school complex was built in 1931. Former dormitories have been converted into office and clinic space. According to current plans, the university intends to unveil new dormitory housing by 2012.

JOAN HOWARTH RECOMMENDED AS DEAN OF MICHIGAN STATE UNIVERSITY COLLEGE OF LAW

Joan Howarth, a professor at the William S. Boyd School of Law at the University of Nevada in Las Vegas, has been recommended to serve as dean of the Michigan State University College of Law. Previously, she served as associate dean for four years at the Boyd School of Law, which she helped to establish a decade ago. If approved by the law school's board of trustees, Howarth would become the first woman dean in the school's 117-year history. Reacting to the news, she proclaimed, "I am honored to join this faculty as dean. MSU Law's achievements and the boldness of its ambitions make this one of the most exciting opportunities in legal education."