

NEWSLETTER

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Clint W. New Orleans, LA
says...

EdFed reduced my interest rate by a substantial amount. I can rest assured knowing that the rising interest rates will not affect me. I am satisfied to say that they saved me \$231 on my monthly payments and I would definitely recommend them to anyone looking to consolidate their loans.

CONGRESS URGES SECRETARY OF EDUCATION TO TAKE FFELP LOAN ACTION

- CARINA ZARAGOZA

Senator Edward M. Kennedy (D-MA) and Representative George Miller (D-CA) wrote to Secretary of Education Margaret Spellings urging her to take action to ensure the availability of loans for students. They also stressed the importance of students' receiving their funds in a timely manner and thus expressed their concern over the uncertainty in the student loan industry.

In the letter, dated February 28, Kennedy, chairman of the Senate Committee on Health, Education, Labor, and Pensions, and Miller, chairman of the House Committee on Education and Labor, cited "recent activity in the credit markets" as potentially having a negative impact on "students' ability to access federal student loans." The lawmakers specifically referred to the Federal Family Education Loan Program (FFELP) and the possibility that lenders will pull out of the program, making scarce the availability of loans to students this fall.

Miller and Kennedy have asked Spellings to take two steps. The first would be to set up a "lender of last resort program," essentially making guarantors lenders and the U.S. Department of Education a funding arm. Second, the Direct Loan Program, the U.S. Department of Education's own federal loan program, should be ready in the event a surge in requests is made to the agency due to the unavailability of FFELP lenders.

Recent months have seen many lenders exit the FFELP business. College Loan Corporation, at one time among the largest FFELP lenders in the country, has stopped offering federal Stafford Loans.

This was the second letter from members of Congress to Secretary Spellings in the month of February. On February 15, in a letter addressed to Secretary of the Treasury Henry M. Paulson Jr. as well as Secretary Spellings, 21 members of Congress expressed their concern over the availability of student loans under the FFEL Program.

The letter pointed out that an estimated \$60 billion in new FFELP loans will be needed for the 2008-2009 academic year, and roughly 6.7 million students will be in need of these loans in order to pay for college expenses. Any disruption to the availability of student loans, as well as any interruption of disbursement schedules, will drastically affect a large percentage of students and their ability to pay for college. The main concern for Congress is that access to higher education for many students may be limited.

These appeals from Congress anticipating possible shortages of FFEL Program loans come just one month after Secretary Spellings announced she has not seen any strong evidence that last year's cuts to the FFEL Program by the College Cost Reduction and Access Act will have any negative impact on students or lenders.

The full text of both letters can be found on the Higher Education Washington Inc. website.

On the Net

Higher Education Washington Inc.
www.hewi.net

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SURVEY TRACKS COLLEGE DEGREES AND EMPLOYMENT RATES

- CARINA ZARAGOZA

The U.S. Department of Education's National Center for Education Statistics (NCES) released findings from a survey conducted over a 10-year period. The survey, titled *Ten Years After College: Comparing the Employment Experiences of 1992-93 Bachelor's Degree Recipients with Academic and Career-Oriented Majors*, followed approximately 9,000 bachelor's degree recipients and their subsequent employment rates. The entire report is publicly available in PDF format.

The report looks at the work experiences of these 9,000 graduates, along with their employment stability, industries, and salaries. A primary focus of the report is examining the differences in work experience among graduates with different types of degrees, namely academic degrees and career-oriented majors.

The report defines career-oriented majors as "those that prepare students for employment in a specific occupational area." Examples include business, health, and computer science. Academic majors are considered to be all other majors not geared towards specific careers, such as social sciences and humanities.

Of the 9,000 graduates included in this survey, 65% earned career-oriented degrees. Regardless, most of those surveyed were settled in jobs by 2003 and reported being satisfied with their pay and job security. Those who earned career-oriented degrees only earned slightly more than those who earned academic degrees, and the difference was almost negligible when other factors were taken into consideration.

All indications show that both types of degree earners are able to find employment at approximately the same rates, with the report finding 79.9% of academic degree earners employed in 2003 and 82% of career-oriented degree earners employed in 2003.

Debra Humphreys of the Association of American Colleges and Universities points out that the findings confirm that a degree does not necessarily make or break a career. Regardless of the degree types earned by graduates, "in a few years, there's not a big difference in job satisfaction," said Humphreys.

One criticism of the study is that the data is outdated. While the survey did diligently track graduates over a 10-year period, the most recent findings are five years old. Humphreys notes that the business environment has changed since then and, again, degrees may not be as important as skills. The Association of American Colleges and Universities conducted a similar survey last year but instead focused on skills of graduates entering the workforce.

The National Center for Education Statistics was created by a congressional mandate requiring the U.S. Department of Education to "collect, collate, analyze, and report full and complete statistics on the condition of education in the United States." The NCES is charged with the responsibility to provide reports and information on education statuses and trends in the U.S.

On the Net

Inside Higher Ed
www.insidehighered.com/news/2008/03/05/jobs

NCES Survey
nces.ed.gov/pubs2008/2008155.pdf

Association of American Colleges and Universities Survey
www.aacu.org/advocacy/leap/public_opinion_research.cfm

NEWSLETTER

NEWS IN BRIEF

PHEAA SUSPENDS NEW LOANS

Beginning March 7, 2008, the Pennsylvania Higher Education Assistance Agency will no longer fund new federal loans. The state agency announced this is a temporary suspension and will continue its guaranteeing, origination, and servicing of FFELP loans. The change only applies to the issuing of new FFELP loans with the agency's own funds. In a statement issued February 28, 2008, PHEAA cited the failure of securities auctions as the impetus for the suspension of FFELP loans, but it hopes to resume business as usual if the capital markets stabilize.

LOAN FORGIVENESS PROGRAM FOR MEDICAL STUDENTS

Congress recently added a new loan forgiveness program for medical students to the Higher Education Act (HEA). The program was introduced upon the reauthorization

of the HEA and seeks to ease medical students' debt, which averages \$140,000. However, the new loan forgiveness program sets a limit of \$10,000, or \$2,000 annually for a maximum of five years. The American Medical Student Association is pleased with the steps being taken to assist medical students but has made it clear forgiveness of \$10,000 is not sufficient and more programs are needed.

BROWN UNIVERSITY AMENDS FINANCIAL AID PROGRAMS

Brown University has decided to follow many other Ivy League schools by expanding its financial aid programs. Brown University will expand the amount it spends on financial aid by 20%. Now, students from families earning less than \$60,000 will not have to make any contributions. Brown University follows Harvard, Yale, and Stanford, among others, in boosting the financial aid it provides to students. Brown added that its tuition will increase at a slower rate in the future.