

NEWSLETTER

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EdFed Testimonials

Carlos L. Hartford, CT
says...

Consolidating my federal loans reduced my interest rate and my monthly payments by \$512.36. Now I can confidently say that I am on my way to a debt-free future. Thank you so much EdFed!

KENNEDY INTRODUCES LEGISLATION THAT WOULD ALTER FEDERAL FINANCIAL AID

- CARINA ZARAGOZA

On April 3 Senator Edward M. Kennedy (D-MA) introduced legislation that would make sweeping changes to federal financial aid. The bill, given the short name "Strengthening Student Aid for All Act," is intended to ensure students have sufficient access to financial aid, in the forms of both grants and loans.

Kennedy referred not only to the increased reliance of students on federal student loans but also to the current economic crisis as impetuses for the legislation.

"More than 6 million students relied on federal loans last year," cited Kennedy, who continued, "Americans are facing economic challenges at every turn. They see jobs disappearing, homes being foreclosed, [and] debts soaring."

Kennedy wishes to pass the bill to prevent students from being unable to pay for college.

The major components of the bill are as follows:

- Increase the federal Pell Grant for lowest-income recipients by \$750.
- Increase federal loan limits by \$1,000 for dependent undergraduate students and \$2,000 for independent undergraduate students.
- Allow deferment of Parent PLUS Loans while students are in school.
- Clarify the Secretary of Education's authority to provide lenders with capital.

- Allow the Department of Education to purchase loans from FFELP lenders.

Secretary of Education Margaret Spellings has responded to a portion of these concerns and requests. Spellings confirmed that the Department of Education has the authority to provide lenders advances under the lender-of-last-resort statutory provisions. In a letter to Representative George Miller (D-CA), chairman of the House Education and Labor Committee, Spellings indicated she will soon release guidelines as to how the program will be implemented if needed.

Spellings was responding to legislation introduced by Miller and Ruben Hinojosa (D-TX). The legislation, similar to Kennedy's, is designed to protect student access to financial aid. Among the provisions are two key requirements that would help student and parent borrowers move away from costly private student loans. The legislation calls for an increase of federal loan limits for all students by \$2,000 as well as implementing longer repayment periods for Parent PLUS Loans.

On the Net

Higher Education Washington Inc.
www.hewi.net

Strengthening Student Aid for All Act
kenedy.senate.gov/imo/media/doc/Strengthening%20Student%20Aid%20for%20All%20Act.pdf

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COMMUNITY COLLEGE TUITION POLICIES REEXAMINED

- CARINA ZARAGOZA

The American Association of Community Colleges met in Philadelphia this week for its annual conference. Among the speakers was bestselling author Amy Tan, who attended San Jose City College. The conference was composed of various presentations on topics ranging from green campuses to increasing enrollment to assisting military personnel with transitioning from active duty back to school.

A major topic was community college tuition. Christopher Mullin, fellow of the College of Education at the University of Florida, demonstrated a shift in tuition policies at various community colleges.

During the 1930s through the 1950s, the tuition rates at four-year institutions and community colleges were relatively similar. It wasn't until the 1980s that tuition at four-year institutions nearly tripled. Though four-year institutions increased their tuition rates substantially, community colleges likewise increased their tuition rates, and gone were the days of free community colleges.

During the presentation Mullin offered up the floor to audience members to share their views on the subject of increased community college tuition. Some stated that state budgets limit funds for community colleges, and costs have to be transferred to students. Others feel merit-based aid, such as scholarships for high achievers, has a place in the community college system. This view was met with some resistance, as one college official asked, "Isn't it in society's interests to educate everybody?"

Within the community college tuition debate are questions about the community college system's role and commitment to students. It has long been accepted that community colleges are open-access institutions, as one audience member pointed out, and linking aid to achievements may deny access to students who do not meet high academic standards. Also, if tuition continues to rise, then low-income students may also be denied access to higher education.

Another audience member, a community college trustee, had this to say regarding the mission of the community college system: "Not everyone needs a bachelor's degree. We need good auto mechanics and carpenters." Though this view may be a bit harsh, the issue was not resolved at the end of the conference and may not be resolved anytime soon.

On the Net

Inside Higher Ed
www.insidehighered.com

American Association of Community Colleges
www.aacc.nche.edu

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NEWS IN BRIEF

BRAZOS ELIMINATES FFELP LOANS

Brazos Higher Education Service Corporation suspended new loans for the 2008-2009 academic year. Brazos joins a list of 26 lenders who have made similar moves. Ellis Treadway, Brazos' executive vice president of governmental and public affairs, said that Brazos "cannot finance anything in this market," referencing the crisis in the credit markets. The failure of the auction rate securities market has hit lenders hard, eliminating virtually all sources of their funding and revenue. Brazos ranked fourth in the Department of Education's rankings of FFELP lenders in terms of loan holdings, of which Brazos held \$15 million.

STUDENT LOAN XPRESS EXITS FFELP BUSINESS

Student Loan Xpress, based in San Diego, California, has announced it has exited the student loan business. As of April 3, 2008, Student Loan Xpress will no longer make FFELP loans. The company will focus on its "core

commercial finance franchises." Student Loan Xpress only last year stopped its private loan lending business. Student Loan Xpress was among the FFELP lenders cited by New York Attorney General Andrew Cuomo and his office during their investigation into student loan lending practices.

COLLEGE RANKING SYSTEM TO MONITOR SAFETY AND TOLERANCE ON CAMPUSES

The Campus Tolerance Foundation (CTF) has requested that all colleges inform the public about their levels of campus tolerance. CTF says this information should include treatment of racial, ethnic, and gender minorities and safety. The information will be provided in a manner similar to that used to provide college statistics on cost and academics. A pilot study conducted by CTF, "University Students Talk about Tolerance and Safety on Campus: A Pilot Study to Develop Tolerance Ratings," will eventually include a survey of campuses across the country.