



# EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

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## HEA extender bill signed into law

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After Congress passed the Third Higher Education Extension Act of 2006 by unanimous consent, President Bush signed it into law. However, although the bill met with Bush's approval, Senator Mike Enzi, Chairman of the Senate Health, Education, Labor, and Pensions (HELP) Committee, said Congress needs to move ahead with comprehensive reauthorization legislation. Justifying his stand, Enzi stated that yearly extensions of HEA provisions will not assist in achieving the primary objectives set for higher education, which include expanding access, lowering costs, and increasing accountability, as the present situation requires long-term solutions.

### **PHEAA comes under federal investigation**

An alleged instance of government overpayment to the Pennsylvania Higher Education Assistance Agency (PHEAA) is currently under federal investigation. The probe, conducted by the U.S. Department of Education's inspector general, is being undertaken to ascertain if any loopholes have been capitalized on by the college loan program. Earlier, two audits along the same lines were carried out on other lenders to determine whether they too benefited illegally by exploiting the "9.5 loan loophole." Education Department spokesperson Catherine Grant has stated that a PHEAA audit will reveal any inappropriate benefits gained by the agency because of the said loophole. Denying the existence of any probe of PHEAA, Keith New, PHEAA's spokesperson, said that they were unaware of any such illegal happenings or of any audit by the inspector general. Stating that the agency's earnings are clean and in complete compliance with federal statutes, he insisted that PHEAA observes all regulations and other published guidelines.

### **\$3.8 million boost for Texas institutions**

Twenty-eight colleges and nonprofit organizations will receive \$3.8 million in grants from the Texas Guaranteed Student Loan Corp. The amount is a significant increase from the \$1.8 million TG divided among 20 institutions last year. These competitive grants will support student mentoring, educational research, and other financial aid endeavors. Beneficiaries include The University of Texas, St. Edward's University, Austin Community College, Huston-Tillotson University, and Big Brothers Big Sisters of Central Texas. Based in Round Rock, TX, TG is a 500-employee public nonprofit corporation that assists in managing the Federal Family Education Loan Program.

### **UNC president wants a cap on tuition increases**

Erskine Bowles, President of the University of North Carolina, has proposed that annual tuition fee increases be capped for the next four years at 6.5 percent for all 16 UNC campuses. The move comes after the nonpartisan North Carolina Center for Public Policy Research reported

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in August that there had been an annual system-wide increase in tuition for seven of the past eight years; between 1999 and 2004, the cost of tuition increased by a whopping 71 percent. Bowles recommended that any extra money required above the cap should come from the state legislature and that schools should provide detailed descriptions to the General Assembly of how the additional revenue is slated to be used, categorically stating that the funds should not be demanded from students. Bowles' proposal states that campuses should spend at least 25 percent of the amount collected from tuition increases on need-based financial aid and at least 25 percent on teachers' salaries until their average salaries arrive at the eightieth percentile of those of their approved peers. The remaining amount should be used to improve the academic experience on campus. The 6.5-percent figure was chosen by Bowles as it reflects the average system-wide rate of annual tuition increases since 1972.

### **Arkansas institutions to receive \$250 million**

A \$250-million higher education bond program has been endorsed unanimously by the Board of Trustees of the University of Arkansas System. While \$150 million is slated to go to the state's 10 public universities and 22 two-year colleges for the purposes of capital enhancement and technology improvement, a sum of \$100 million will be utilized to pay off existing bonds. The University of Arkansas will receive about \$63 million, which will be used for its campuses in Fayetteville, Little Rock, Fort Smith, Monticello, and Pine Bluff, as well as for a proposed medical school. University of Central Arkansas, Arkansas Tech University, Henderson State University, and Southern Arkansas University will together receive a sum of approximately \$37 million. \$9 million will be used for the "e-Corridor connection," a fiber-optic research network for the 10 universities and the medical campus. The remaining funds are slated to be used by the state's two-year colleges. The bond issue will finance construction at the schools and allow Arkansas colleges and universities to better compete with other states' higher education institutions.