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Spitzer signs student loan reform into law

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New York has become the first state to protect students and their families from abusive practices in student loan industry. Governor Eliot Spitzer signed legislation to this effect transforming the SLATE Act into law. The legislation will halt all controversial conflict-of-interest practices rampant in the student loan industry. These practices include lenders bribing college employees, lenders posing as school employees, and lenders giving donations to schools in exchange for student loanes, etc. The legislation was the outcome of a probe initiated by Spitzer when he was state attorney general followed up by his successor, the present Attorney General Andrew Cuomo.

NASFAA announces Code of Conduct

The National Association of Student Financial Aid Administrators (NASFAA) issued its "Code of Conduct for Institutional Financial Aid Professionals." Declaring this, Dallas Martin, the president of NASFAA, and Andrew Cuomo, the NY Attorney General, said the Code of Conduct was developed and unanimously approved by the NASFAA's Board of Directors. It was developed in collaboration with the Attorney General's Office in NY to guide loan administrators in ensuring blemish-free policies and practices. NASFAA already has its own "Statement of Ethical Principles," adopted in 1999. These principles provided all its members with specific standards of conduct that they should follow as professionals. The new six-point code is an expansion of these principles.

Existing variable-rate student loans to go up by .08 percentage points

This summer, effective July 1, interest rates on existing variable-rate student loans will scale up. Students who have already started making repayment of their Stafford loans, the interest rate will be 7.22%. Parents and students have been asked to take advantage of the lower rates by applying for student loan consolidation by June 30. The consolidation of student loans simplifies record-keeping hassles and also reduces the monthly payment amount by half. It also helps to stretch the repayment period from the standard 10 years to up to 30 years, depending on the amount of the education debt. However, extension of the repayment period also increases interest in the long run. The Stafford and PLUS loans that were distributed before July 1, 2006 charge variable interest rates. These rates are calculated through a federal formula and based on the last auction of 91-day U.S. Treasury bills in May.

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Back off higher education accreditation changes, Sen. Alexander to DOE

In a statement, Sen. Lamar Alexander of Tennessee said that the education department is “proposing to restrict autonomy, choice, and competition” with its proposed changes to the way colleges accredit themselves. He said that the education department’s commission proposed a system of accountability to colleges that is difficult. It also dictates on accepting of transfer students, and measuring student learning, etc. Such measures, he feels, will throttle institutional autonomy. He says that changes that are “fundamental” in nature should be done by the Congress. He has asked the Department to halt issuing any final regulations on such issues until these are legislated by the Congress first. He has also proposed a different course to measure accountability. He has asked the Education Secretary to call upon the educationists to accept more responsibility for assessment and accountability, failing which the federal government will take it upon itself. He also proposed establishment of an award for accountability in higher education similar to Baldrige award for quality in American business. The award will encourage institutions to focus on the quality of education. In addition, he also asked to make “research and development grants to states, institutions, accrediters, and assessment researchers to develop new and better appropriate measures of accountability.”

Scott’s measures to provide loan repayment assistance approved

Huge student debt burdens often discourage many talented law graduates from pursuing public service careers. In an effort to reduce the shortage of prosecutors and public defenders, the U.S. House of Representatives passed the John R. Justice Prosecutors and Defenders Act of 2007 introduced by Rep. David Scott in the House. The Act provides loan repayment assistance up to \$10,000 a year (with a lifetime award limit of \$60,000) to such law grads willing to work as prosecutors and public defenders for at least three years in the criminal cases. The tendency to bypass public service careers to work for higher-paying jobs, though stems from the loan burdens, affects the communities adversely, he stated. The criminal justice system suffers from lack of experienced prosecutors and defenders joining it, lamented Scott.