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News in Brief

03/07/08

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.