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After receiving authorization from the Higher Education Act of 1965, Secretary of Education Margaret Spellings has formed a committee on negotiated rulemaking to develop regulations for federal student loan programs. A notice announcing the committee's formation was circulated on December 8. Spellings has also announced that another negotiating committee will be established in the near future to look into matters related to the Academic Competitiveness Grant (ACG) and SMART Grant programs. This committee is expected to meet in January. Additionally, more committees may be formed in the near future to address accreditation, institutional eligibility, and general provisions issues. Spellings has also decided to reinstate her request for nominations of negotiators to serve on the negotiated rulemaking committee and has set a deadline for nomination submissions.

Gregoire proposes freezing tuition rates at two-year colleges

In a bid to keep her state's annual tuition at two-year colleges at its current level of \$2,586 for two more years, and as part of a more extensive higher-education plan, Washington Governor Christine Gregoire has proposed a cap on current tuition rates at community and technical colleges. Under the ambitious \$172.9-million system-wide plan, the University of Washington and Washington State University will cap their annual tuition increases at 7%, while all other four-year public universities will cap their increases at 5%. Gregoire is hopeful that the proposed freezing of community-college tuition hikes, which will cost the state almost \$20 million, will encourage more students to earn degrees. The proposal also aims to expand Washington State University's medical-education offerings in Spokane, in an effort to train more dentists, nurses, and doctors.

10.7% endowment investment return for higher education institutions in 2006

In fiscal year 2006, endowment investments recorded a rate of return averaging 10.7%. According to the preliminary data for the annual endowment study conducted by the National Association of College and University Business Officers (NACUBO) in collaboration with TIAA-CREF, a national financial services organization, the amount of funding raised by endowment investments has been sufficient to support annual educational spending, to allow reinvestment of a portion of earnings to protect against inflation, and to allow for the payment of management fees. Asset allocation data showed a continuous increase in hedge-fund investment as well as increases in natural resources investment between 2005 and 2006. Although the 10-year compounded long-term return rate of 8.8% is higher than it was last year, it does not meet the target rate of 9%. Meeting the 9% target in the future will allow higher education institutions to maximize funding for priority expenditures.

Dunne releases Cabinet paper on student loan bill

New Zealand Revenue Minister Peter Dunne has released a report on proposals related to the Student Loan Scheme Amendment Bill. Among other things, the Cabinet paper proposes the extension of amnesty on student loan penalties, the reduction of penalties for repayment failure, a three-year repayment holiday for

overseas borrowers, the abolition of interest write-offs for borrowers ineligible for interest-free loans, and adjustments to the scheme's hardship provisions. The paper incorporates changes proposed by the Cabinet Policy Committee during its October 11 meeting.

MOHELA launches loan forgiveness program

The Missouri Higher Education Loan Authority's new loan forgiveness program will allow future engineers to breathe a little easier when it comes to managing their student loan accounts. The program provides for the reduction of student balances by up to \$3,500 on Stafford Loans taken out by students enrolling in pre-engineering programs. Proposed by Governor Matt Blunt's taskforce in order to attract more students to the math and science fields, the loan forgiveness program will help a number of students studying at colleges that depend on MOHELA when processing Stafford Loans.