

## New York Attorney General announces settlement of loan charges

### New York Attorney General announces settlement of loan charges

The ongoing probe into the actions of lenders offering benefits to schools for persuading students to borrow from them has come to a halt. New York Attorney General Andrew M. Cuomo has announced that he has reached a \$5.27 million settlement agreement with Citibank and a number of universities. According to the agreement, Citibank will provide \$2 million for a national fund created to educate students about the financial aid industry. The schools agreed to reimburse students with loan revenues. The universities involved include New York University, St. John's University, Fordham University, Long Island University, Syracuse University, and the University of Pennsylvania. In a statement, Cuomo said, "The College Code of Conduct spells out in black and white that no lender may pay a school for placement on a preferred lender list and no school may hide the reason it chose to recommend a particular lender."

### NASFAA responds to Cuomo's press release

The National Association of Student Financial Aid Administrators (NASFAA) has reacted strongly to the New York Attorney General's settlement announcement regarding kickbacks from student loan lenders. The association has released a statement in response to the announcement of the settlement with higher-education institutions. The association said that although it respected the decisions of schools that agreed to the Attorney General's settlement, it would stand by any institution that chose to pursue litigation over the matter. In response to the Attorney General's statement that he is "beginning the process of restoring trust between universities and students," the association said that Cuomo's inflammatory press statements and media comments had already unnecessarily damaged students' trust in their schools. The statement commended the efforts of student aid administrators who work diligently to get students the best deals on student loans. It said that what happened at the schools involved in the scandal is very rare and that almost every financial aid officer and school is "extremely ethical."

### Manning reminds FFELP participants about student choice

James F. Manning, Delegated Authority of the Assistant Secretary for the Office of Postsecondary Education, recently wrote a "dear colleagues" letter reminding schools participating in the FFEL Program about students' rights to choose their lenders. According to the letter, Manning has received complaints from students, parents, and lenders that some participating schools are not allowing students to borrow from FFEL lenders of their choice. Manning states in the letter that regulations do not allow an institution to refuse certifying a loan on the basis of the borrower's choice of lender and that schools not complying with the requirements may face fines or administrative actions.

### **Arizona students rally for financial aid**

About 60 students from Arizona State University and the University of Arizona recently marched in Phoenix, shouting “Yee-ha!” in support of additional financial aid. The rally, which was organized by the Arizona Students’ Association, urged the legislature to allot \$13.4 million for the Arizona Financial Aid Trust. Under the current agreement, 1% of student tuition is moved to the trust, and the state doubles the amount. Legislators who attended the event in support of the rallying students included Senators Karen Johnson and Jack Harper as well as Representatives Jackie Thrasher, David Schapira, and Jennifer Burns. Those who gathered for the event contended that as the trust is the only state-based financial aid resource for public universities, the funds allotted were not enough to meet students’ financial needs.

### **Pell Institute releases report on first-generation students**

A report released by The Pell Institute for the Study of Opportunity in Higher Education focused on college life for first-generation students in Texas. “Straight from the Source: What Works for First-Generation College Students” recognizes the efforts made by state policymakers and educators to expand postsecondary education opportunities for low-income, minority, and first-generation college students. The survey was conducted to find out which types of efforts have the greatest impact when it comes to affecting enrollment of first-generation college students. It involved focus groups addressing areas such as aspirations and encouragement to go to college; academic preparation for college; “college knowledge” (knowledge about how to apply and pay for college); and academic, social, and cultural transitions into college life. The findings from the study are expected to help administrators and staff improve the practices they use to direct first-generation students toward college.