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The Department of Education has decided to suspend lenders' access to the student loan database. This was announced in a letter sent by Secretary of Education Margaret Spellings to Senator Edward M. Kennedy, Chairman of the Senate's Health, Education, Labor, and Pensions Committee. Spellings' letter was sent in reply to a letter sent by Kennedy urging a shutdown of the National Student Loan Data System. Reports suggest that some lenders have been using the database to collect private student information for marketing purposes. Spellings said that the department would ascertain the extent of improper use of the database by lenders. Her letter also details the steps taken by the department to guard the database as well as ensure the compliance of federal student loan programs with prevailing laws. The student loan database helps the department, lenders, and college officials with tracking student borrowing. Financial aid officers contend that barring access to the database for a long period of time could hinder federal student loan programs.

UT system asks its colleges to stop using preferred lender lists

The University of Texas system will no longer allow schools to maintain preferred lender lists. An email sent by the university system's lawyer asks the system's 15 campuses to stop using preferred lender lists when advising students seeking loans. The email orders the universities to remove such lists from their websites and desist from distributing them to students. Financial aid officials have also been asked to report kickbacks they have received from lenders. Recently, it was found that Lawrence Burt, the director of financial aid at UT-Austin, held stock in Education Finance Partners, a preferred lender. Burt is currently on paid leave and will remain on leave until an investigation led by Barry Burgdorf, University of Texas' vice chancellor and general counsel, has been completed. UT-system officials say that apart from Burt, no one else working for the system has been accused of engaging in inappropriate lending practices and that they have not found any problems with UT schools' preferred lending lists. However, they are currently reviewing the practices of colleges within the system.

Miller asks Spellings to take action regarding student-lending practices

Echoing a request made by Senator Edward M. Kennedy, Congressman George Miller, Chairman of the House Education and Labor Committee, has asked Secretary of Education Margaret Spellings to take action regarding student-lending misappropriations. He asked Secretary Spellings to impose a moratorium on preferred lender lists; define inducements and bribes and put an end to them; ask universities for full disclosure of all relationships that present conflicts of interest; ask the inspector general to examine all senior department employees in higher education; and reveal to the public all records of loan-industry meetings with the department. Miller accused department officials of disregarding evidence that began accumulating years ago. For years, he said, lenders have been providing kickbacks to institutions and encouraging them to part with federal direct loan programs. In response to Miller's strong statements, Spellings' office contended that the department was

actively engaged in higher education reform. Her spokeswoman, Katherine McLane, said that instead of “abruptly pulling the plug on systems American families rely on, as the Chairman suggests, the Department has taken a more deliberative and comprehensive approach.”

Ohio's 2008-2009 budget may hurt students from middle-income families

Governor Ted Strickland's \$53 billion budget proposal for the 2008-2009 fiscal year has placed the Ohio Student Choice Grant at risk. According to the Association of Independent Colleges and Universities of Ohio (AICUO) website, the new budget proposal would cut funding for about two-thirds of Ohio students who currently receive the grant. Currently, Ohio residents attending private, nonprofit colleges or universities in Ohio can receive the grant. The Ohio Student Choice Grant, which amounts to about \$900 per student per year, helps to close the tuition gap between Ohio's public and private, nonprofit colleges and universities. However, eligibility is not based on need or academic performance. The budget proposal eliminates \$35 million in direct funding for middle-class students, leaving only \$18 million available to the Ohio Student Choice Grant program. If the proposal is approved, money cut from the Ohio Student Choice program will be transferred to the Ohio Opportunity Grant program, which relies on need-based eligibility criteria. As a result, Strickland's proposal would hurt middle-class students, although it would benefit the neediest.