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New York Attorney General Andrew M. Cuomo, who rang the bell on student loans abuses and exposed universities and lenders' links, now plans to widen his probe. He hopes to examine what criteria the lenders use in underwriting these loans and find if they infringe civil rights statutes. While testifying before the Senate Committee on Banking, Housing and Urban Affairs, Cuomo said that the federal regulators were "asleep at the switch" while abuses occurred in the student lending system.

This is also why Cuomo's AG office had to step in. Stating it to be "a moral issue," Cuomo said that 90% of all students select their lenders from their college's preferred-lender lists. He also said that on the private loan side the perks and revenue sharing agreements were "rampant." Cuomo said that by not providing adequate financial aid and not framing policies for the financial aid system, the government has "victimized" the students and their families.

Barry W. Goulding, senior vice president, testified for Sallie Mae and said that lenders consider the borrower students' institutions while determining the interest rate, fees, and other terms of loans they extend to students. The hearing was called by Chairman Christopher J. Dodd to examine the role of private student lending in the financial aid system.

Wisconsin University's new student loans rules

The University of Wisconsin is reviewing a new proposal to bar the student lenders from bribing with gifts and payments in exchange for students. The proposal is up for approval this week. The university wants to reassure those students seeking loans that it has their best interests in mind, notwithstanding the industry currently mired in controversy. It would also set out how university employees and companies can evade improper relationships.

The UW System Board of Regents controls 26 different four- and two-year colleges, and its students took out a record \$592.7 million in loans in 2005.

The UW plan has provided that employees can serve on advisory committees but cannot be rewarded. The school can keep a list of preferred lenders with a minimum of three companies. In case of the student loan companies notifying students that they are not required to choose those listed, they will have to undergo a strict selection process. The plan also includes asking schools to disallow lenders to operate call centers to assist students with financial aid queries.

Two new appointments at ELM Resources

ELM Resources, the only not-for-profit mutual benefit corporation serving the student loan industry, announced two new appointments to the management team. They are Alice Boyd, appointed as the chief resource officer (CRO) and vice president of human resources and training, and Eric Chang, who has joined as director of marketing.

As CRO and VP of human resources and training, Boyd's role will include motivating the HR department to create a strong team. She will also continue to direct all training on ELM Net and the ELM National Disbursement Network for schools, lenders, guarantors, and service agencies.

Chang, with more than a decade of experience in marketing of communications and products, will make strategic marketing plans for the company. ELM provides a common, non-proprietary, and open data exchange and disbursement system that effortlessly builds links between schools, lenders, and the guarantors.

Reauthorize Higher Education Act, Spellings urges Congress

Inaugurating the first of five regional higher education summits, Secretary Spellings urges Congress to enact a comprehensive Higher Education Act (HEA) reauthorization bill to improve college access, affordability, and accountability for all citizens. She says that higher education reauthorization must be more "comprehensive" than current law, which she feels will be able to "fix what's broken." The summit aims to bring stakeholders and policy makers together to discuss not only the Commission on the Future of Higher Education's recommendations, but also to assess progress and assign specific responsibilities and action for the future.

The five regional summits will focus on five key recommendations from the commission's report. Another priority of the summit is to streamline the free federal student aid (FAFSA) application system. Referring to the financial aid system as being "redundant, confusing, Byzantine, and broken," she says the new law should concentrate on access and accountability as well as on paying for college. The existing law is focused mainly on money-and how to spend it-Spellings added, saying that college prep programs aligned with rigorous standards should be included in the law. She also wants Pell Grants to be available year-round, in part to help adult students, who may have jobs and families, take courses whenever their schedules permit.

Lawrence Warder named acting COO of FSA

U.S. Education Department Chief Financial Officer Lawrence Warder has been designated as new acting chief operating officer of Federal Student Aid (FSA), effective June 1. Warder has nearly four decades of experience in management consulting and has extensive expertise in financial issues. He joined the department in July 2006.

Created in 1998 by Congress as a performance-based organization, the FSA delivers approximately \$77 billion of financial aid each year to more than 10 million students and their families.