



NEWSLETTER

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Law School Loans Testimonials

Carla B. says...

Consolidating with Law School Loans was the smartest thing I have done this year. The loan advocate that I spoke with took care of everything from entering my loans to contacting all of my lenders. All I had to do was sign my application. It was great! I have saved over 200 dollars in such a short time. Thanks again, Law School Loans!

PRESIDENT BUSH DELIVERS EDUCATION BUDGET

In his recent announcement of the 2008 Education Budget, Bush addressed an anticipated Pell Grant increase. The maximum Pell Grant will jump to \$4,600 in the upcoming fiscal year and will increase to \$5,400 by 2012. Bush will back this increase by allocating and reorganizing funds from other grant programs and tapping into bank profits.

Until the recent proposal, the maximum Pell Grant had remained at \$4,050 for four years. According to an *Inside Higher Education* article, Education Secretary Margaret Spellings is heralding the proposed increase as the largest increase in 30 years, but others are less optimistic and more cautious.

The article voices a wary counterpoint: "The fact that the White House is joining Congressional leaders in endorsing a big increase in the government's primary need-based aid program ought to have college leaders '*dancing in*

NEW PHEAA CHAIRMAN

The Pennsylvania Higher Education Assistance Authority (PHEAA) is in the press once again, this time because it has announced the appointment of a new chairman. William F. Adolph, Jr., was elected to be the next Chairman of the PHEAA Board of Directors; he will be the seventh board chairman in PHEAA's history.

In a recent press release, Adolph accepted his position graciously and expressed his desire for change, saying, "The financial burden on college students and families can be tremendous. As a seasoned PHEAA board member and the father of three boys, one of whom is still in college, I have dealt with the rising costs of higher education from a variety of firsthand perspectives. I am eager to serve as chairman and to continue fulfilling our mission of helping Pennsylvania students reach their potential."

Adolph was initially appointed to the PHEAA board in 2001 after having served on the

the streets,' as Becky Timmons, Assistant Vice President for Government Relations at the American Council on Education, put it at an Education Department budget briefing Monday. But they're not, she said, because the department has tied the proposed increase for the government's primary need-based aid program to cuts in others."

One particular program that may be altered in order to increase the Pell Grant is the Supplemental Educational Opportunity Grant (SEOG) Program. The SEOG program, like the Perkins Loan Program and the Federal Work Study Program, distributes funds to campuses using a formula that is based partly on when students entered the program, which tends to favor colleges that have been receiving student aid for a long time. The new Education Budget calls this mode of calculation "outdated."

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executive committee since 1989. On top of his work with PHEAA, Adolph also chairs the House Professional Licensure Committee and serves on the Consumer Affairs Committee.

Led by the board, PHEAA plans to allocate more than \$200 million in 2007 for free programs and services. For example, PHEAA will focus on scholarships, loan forgiveness, and the nation's lowest-cost student loans. PHEAA will use \$72.5 million of its own funds to supplement the Commonwealth's \$386-million state grant appropriation and thereby supply more grants to students.

PHEAA is able to financially support these public initiatives with funds earned commercially, via American Education Services (AES).

PHEAA has made the headlines frequently over this past year due to its guilty verdict in a case concerning its violation of the state's Right-

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to-Know Law. In a 5-to-2 ruling, PHEAA was ordered by a Commonwealth Court to disclose various documents. PHEAA continues to move forward despite the guilty verdict issued in June by a retired county judge who served as a hearing examiner during the process.

The judge recommended that PHEAA make its spending records public, but the agency insisted that it would keep its documents undisclosed. PHEAA attempted to form a rebuttal to the reporters' demands for disclosure. The first claim was

based on the fact that all but four of the 20 board members are legislators and argued that certain documents in question ought to be considered "legislative recordings," which would make them exempt from the Right-to-Know Law. The second claim pointed out that the records contained "trade secrets" that divulged PHEAA's success in the marketplace. To PHEAA's dismay, the court rejected both claims. After PHEAA's stubborn reaction, the news organizations appealed to the Commonwealth Court, which ruled in their favor.

Since then, PHEAA has called for an appeal.

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However, many believe that changing the funding for the SEOG program may have ironic effects. *Inside Education* continues with its rebuttal: "[A]dvocates of the SEOG program bristle at the idea that the program somehow fails to help needy students. Babel of DeVry, which distributes about \$8 million in SEOG funds to about 8,000 students each year, says all of that money goes to Pell Grant recipients. The president's proposal would have the ironic effect of replacing those grants-which for many amount to \$2,000 a year-with Pell Grants that grow by only a

few hundred dollars a year, leaving many of DeVry's students worse off. Some of those students would see their loan burden grow, but for others, he said, the loss of as much as \$1,000 in aid a year could mean some of them are deterred from college altogether."

With the problem of affordability, the attention being paid to increasing funds and having a proactive attitude concerning financial assistance for prospective students is a step forward. Regardless of which side makes the strongest point, the focus on education is positive.

NEWS IN BRIEF

STUDENT LOAN SUNSHINE ACT IN THE SENATE

Democratic Senators Edward M. Kennedy and Richard J. Durbin are trying to push a companion bill to the Student Loan Sunshine Act, which is aimed at cleaning up unethical relationships between student lenders and institutions, through the Senate. The act is designed to protect students and parents from being exploited by private lenders and to restrict private lenders from bribing institutions in order to secure business. While defending the act, Senator Durbin stated that an institution's first obligation is to help its students, not private lenders. The act demands full disclosure of special arrangements between lenders and educational institutions. Among other things, the act will also require institutions to explain why they have selected particular lenders for their "preferred lender lists." It also encourages borrowers to borrow more from government loan programs before resorting to alternative higher-interest-rate loans.

PRESIDENT BUSH'S PELL GRANT BOOST

President Bush has released the 2008 financial year budget, which proposes to increase the maximum Pell Grant amount to \$4,600 in 2008. This is the largest increase in more than three decades. The budget also proposes an increase of the

maximum grant to \$5,400 by 2012. Furthermore, it suggests increasing the amount juniors and seniors can borrow in the form of student loans each year by \$2,000. Emphasizing education as a priority, President Bush's budget also proposes a series of changes to the FFEL program to help pay for the \$2,000 increase. Secretary Spellings, welcoming the move, commented that with the increasing demand for post-secondary education or training, the president's action will enable more students from middle-class and low-income families to afford college educations.

SENATOR CLINTON REINTRODUCES STUDENT BORROWER BILL OF RIGHTS

Senator Hillary Rodham Clinton has reintroduced the Student Borrower Bill of Rights, which, if passed, would provide student borrowers with basic enforceable rights. These rights would ensure that loan repayments are affordable and would help students to avoid exploitation when borrowing. The bill encourages students to seek loans in a free marketplace as well as access to timely information about such loans. With student borrowing increasing every day, more and more college graduates are facing harassment while trying to pay their loans off; meanwhile, need-based grant aid remains unavailable for many, despite the escalation of college costs.

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The average debt burden for college graduates has increased by 58% over the last 10 years. The Student Borrower Bill of Rights also promises every borrower the right to fair, monthly payments that do not surpass a certain percentage of his or her income, as well as fair interest rates and fees.

GOVERNOR DOYLE ANNOUNCES \$44-MILLION INCREASE IN FINANCIAL AID

In a bid to prepare for the first group of Wisconsin Covenant Scholars, Jim Doyle, Governor of Wisconsin, has proposed a \$44-million increase in financial aid in order to encourage eighth-graders to pursue college educations. This proposal reflects a 21% increase in financial aid funding. Doyle also stated that he would provide funding for the Office of the Wisconsin Covenant. The governor's budget pledged a \$225-million investment in the state's university system to expand enrollment and produce more graduates. Those students who want to participate in the Covenant Scholars program are required to sign pledges while in eighth grade

promising, among other things, that they will earn high school diplomas and maintain B averages in high school, participate in community affairs, and be good citizens. In return, each participating student will be guaranteed a seat at a college in the University of Wisconsin system, the Wisconsin Technical College system, or one of the state's 20 private, nonprofit, independent colleges.

PHEAA BOARD OF DIRECTORS HAS A NEW CHAIRMAN

William F. Adolph, Jr., has been elected to the post of Chairman of the PHEAA Board of Directors. Adolph, who is the board's seventh chairman, was appointed to the PHEAA board in 2001 and has served on its executive committee since 2003. In addition to his leadership responsibilities with the PHEAA, Adolph chairs the House Professional Licensure Committee and serves on the Consumer Affairs Committee. He has represented Delaware County's 165th Legislative District for nearly two decades and has focused on economic development, job creation, and environmental protection in the region.