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NEWSLETTER

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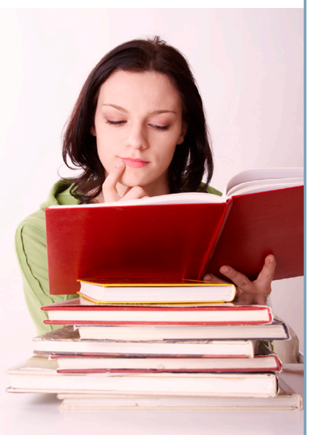

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Law School Loans Testimonials

Victor R. says…

I want to thank you for you help and patience in dealing with me. You've explained everything perfectly and I feel confident in doing business with you. I hope that if needed, we can do business again in the future.

CBO ISSUES REPORT THAT MAY AFFECT HIGHER EDUCATION

The Congressional Budget Office (CBO) recently issued its biennial report of budget options to aid policymakers with making decisions on budgets, setting priorities, and dealing with altering circumstances. This report presents several options that may have positive and negative effects on higher education. The CBO examined topics such as Pell Grants, PLUS Loans, subsidized loans for graduate students, and tax credits for educational costs.

The Pell Grant program, the single largest source of federal grant aid for postsecondary education, was closely examined in the report. An option to increase maximum award amounts for the grants was presented. With this option, the maximum Pell Grant amounts would increase by either $100 or $1,000, which would affect both the number and size of grants awarded. The option would not only allow those students who previously qualified for Pell Grants to receive larger awards but also afford some students who were ineligible to receive Pell Grants before the possibility of becoming eligible.

The report also suggested that there be verifications of the income amounts Pell Grant recipients report on their Free Application for Federal Student Aid (FAFSA) forms. If this option were implemented, the Internal Revenue Service (IRS) would report income information directly to the Department of Education and its contractors in order to verify amounts reported. This would allow the Department of Education to report any discrepancies to the colleges or universities where Pell Grants are administered so that they can adjust the amounts of students' awards accordingly.

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EIGHT PLEAD NO CONTEST TO STUDENT LOAN FRAUD CHARGES

Last week in Los Angeles, eight people pled no contest with regard to their involvement in a scam aimed at fraudulently taking out more than $200,000 in student loans from the federal government.

Ranging in age from 26 to 63 years old, the defendants were sentenced to serve three years' probation, 90 days in jail, or 45 days of work each according to the Los Angeles City Attorney's Office. In addition, each was ordered to pay $18,500 in restitution and submit to the law enforcement booking process.

The defendants, Eboni Myisha Adams, 27; Catherine Elra Belisle, 63; Dennis Croom, 35; Michael Todd Harrell, 44; Monique Morgan, 26; Taineka Powell, 34; Judy Marie Thomas, 56; and Ronald Thomas, Jr., 38, were not students but were accused of working with a former financial aid director at the University of West Los Angeles to apply for $18,500 each in federal student loans. This resulted in each non-student receiving a full loan from the United States Department of Education.

According to the Los Angeles City Attorney's Office, the fraudulent activity was discovered by the university after the employee had been terminated, and the issue was turned over to the Department of Education's Office of the Inspector General to be investigated.

The results of the investigation were forwarded to Los Angeles City Attorney Rocky Delgadillo's identity theft unit for prosecution by Deputy City Attorneys Christopher Garcia and Syndi Hoa.

"This sort of crime steals from all of us. Taxpayers lose, government loses, but the greatest victims are the legitimate students who dream of achieving goals through higher education," said Delgadillo.

Arrest warrants have been issued for three other people who were involved in the scam but failed to appear in court.

The statuses of possible charges against the former university financial aid director are unknown.

Comments may be sent to the editor, Carleen Trapp, by calling 626.243.1881.

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Another topic that the CBO addressed was standardizing the interest rate on PLUS Loans. Parent Loans for Undergraduate Students (PLUS Loans) allow parents with dependent students to take out loans to compensate for their children's educational costs. The option presented by the CBO would standardize the interest rate on PLUS Loans offered by both the Federal Family Education Loan Program and the William D. Ford Federal Direct Loan Program.

Perhaps the suggestion that would affect the most postsecondary students adversely is the option to eliminate subsidized loans to graduate students in 2007. With this option in effect, graduate students would no longer have the opportunity to take advantage of subsidized loans, on which the government forgives interest that accrues while students are in school, in their grace periods, or in deferment. Graduate students would still be able to take out unsubsidized federal loans and benefit from the below-market interest rates. Assuming that these students opt to take out unsubsidized loans, this option would reduce federal spending by $1.1 billion in 2008 and by $8.2 billion over the 2008-2012 period.

Those in favor of eliminating subsidized loans for graduate students argue that the federal government should use the money to make college education available to all high school graduates, rationalizing that graduate students have already taken advantage of opportunities to obtain college educations. Those against the shift in funding argue that supporting the continuing education of graduate students will benefit society as a whole due to the fact that graduate students are more likely to make technical, scientific, and other advances.

NEWS IN BRIEF

HOUSE PASSES PELL GRANT EQUITY ACT

Introduced by Representatives George Miller and Howard McKeon, the Pell Grant Equity Act (H.R. 990) has been approved by the U.S. House of Representatives. The act repeals a rule that limits Pell Grant aid for thousands of low-income students attending low-cost higher education institutions. The rule, which is referred to as "tuition sensitivity," reduces annual maximum Pell Grant scholarships for eligible students based on their tuition costs. The bill, which will provide an immediate one-year fix, is scheduled to be made permanent when the Education and Labor Committee reauthorizes the Higher Education Act. The legislation will benefit 96,000 students during the 2007-2008 academic year and will increase the average Pell Grant by $108.

FINANCIAL AID GURUS CONTINUE TO VOICE THEIR SUPPORT FOR FFELP

Financial aid administrators at higher education institutions across the nation continue to speak out in support of the Federal Family Education Loan Program (FFELP). The private-sector student-lending program faces cuts as legislators are proposing to offer additional Pell Grant funds as incentives to schools that switch from FFELP to the Federal Direct Loan Program. Some financial aid administrators contend that after a $12 billion cut in student lending last year, the financial aid scenario has not stabilized and that further cuts could worsen the situation. Administrators are happy with the positive experiences they have had with private-sector lenders, whom they claim provide fast and accurate service. Healthy competition in the private financial aid sector also greatly benefits students.

SOFTWARE SOLUTION FOR FINANCIAL AID OFFICES

Software service provider Regent Education has announced that seven community colleges in California have implemented and started using its Regent Enterprise Financial Aid Management Software (FAM). Regent, which has 30 years of experience in the higher education industry, has assisted the institutions with maintaining more control over their financial aid activities and provided a solution to meet their objectives.

The software solution helps colleges reach their enrollment, compliance, and student-access goals. A 100% web-based software system designed to operate with any ERP system, FAM was developed using open standards architecture. Regent's solution is customized for financial aid offices and automates processes such as packaging, tracking, awarding, and disbursement.

PHEAA DISAPPOINTED WITH GOVERNOR'S BUDGET

In 2005, both the Pennsylvania Higher Education Assistance Agency (PHEAA) and Governor Ed Rendell stated that they would contribute to the state's need-based grant program. While the agency agreed to use $265 million of its loan profits over four years, the governor said that he would seek increases in annual state funding for the purpose. PHEAA is now disappointed with the governor's 2007-2008 budget, which does not increase funding for the college grant program. Moreover, the governor has asked the agency to add $88.6 million in profits from its student loans to the state's $386 million appropriation. According to Richard E. Willey, PHEAA President and CEO, the agency had planned to contribute

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$60 million. The agency says that the failure to increase state funding will result in 5,000 to 6,000 students going without grants.

GOVERNOR JIM GIBBONS PROPOSES BOOSTING NEVADA'S GUINN MILLENNIUM SCHOLARSHIP

Nevada Governor Jim Gibbons has proposed setting aside $2.8 million per year in order to supplement declining funding for Nevada's Guinn Millennium Scholarship. The scholarship, which was established in 2000, has assisted more than 40,000 students by providing $125.9 million in aid. As a result of dwindling funding, eligibility requirements for the scholarship have gotten tougher. At first, the scholarship covered full tuition for high school graduates with 3.0 or higher grade point averages; this year, the GPA requirement is 3.25. Republican lawmakers are also creating bill drafts that, if passed, would not award Millennium Scholarships based on grade point average but would instead limit the numbers of students eligible for the scholarship on the basis of residency or on ACT or SAT scores.