LAW SCHOOL LOANS
Lender Code: 834241
America's Top Law School Lender

Volume 3, Issue 11
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NEWSLETTER

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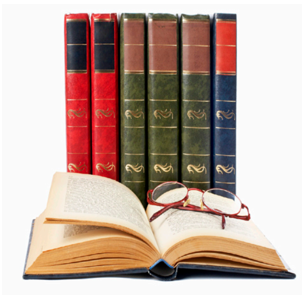

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Law School Loans Testimonials

Greg M. says...

The first time I called in I spoke with a loan consultant immediately. The representative was knowledgeable and able to answer all of my questions. He took me through each step of the application and explained all of the details. He was extremely friendly and I thank him deeply for helping me through the consolidation process.

EXPERTS ADVISE HOUSE OF REPRESENTATIVES SUBCOMMITTEE ON HIGHER-EDUCATION POLICIES

The U.S. House of Representatives' Subcommittee on Higher Education, Lifelong Learning, and Competitiveness met last Thursday to listen to recommendations on new policy options for postsecondary education. Recommendations specifically focused on ways to make college more accessible and more affordable.

In the first in a series of hearings, "The State of Higher Education: How Students Access and Finance a College Education," higher-education experts urged Congress to continue to increase funding for need-based aid to help extend opportunities for college admission to low-income students and minorities. According to the House of Representatives' Committee on Education and Labor, the experts also suggested reorganizing the Higher Education Act, the main law that governs the nation's higher-education system.

The panel of experts, which included James Merisotis of the Institute for Higher Education Policy, David Breneman of the UVA Curry School of Education, Ross Wiener of the Education Trust, and Don Soifer of the Lexington Institute, warned that if college accessibility was not increased, America would lose its highly educated and skilled workforce, which is critical to the nation remaining a global economic leader.

"There is a growing concern that, as a nation, we are losing our competitive edge. We know from experience that investing in higher education is one of our primary tools for sharpening that competitive edge," said Subcommittee Chairman Rep. Ruben Hinojosa (D-TX).

Ross Wiener, Vice President for Program and Policy at the Education Trust, told the

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CALIFORNIA PHYSICIAN LOSES MEDICAL LICENSE FOR FAILING TO PAY STUDENT LOAN DEBT

The California Osteopathic Medical Board suspended the license of a local physician who had failed to repay his student loan debt, which totaled almost $1 million. Furthermore, the physician, Herman Benjamin Bell, 59, had also obstructed federal authorities' efforts to collect the debt by submitting false statements about his financial situation.

As a result of the joint efforts of the United States Attorney's Office and the California Attorney General, Bell's medical license was suspended in a disciplinary order that became final last month.

While attending the College of Osteopathic Medicine of the Pacific in the mid 1980s, Bell borrowed two federal Health Education Assistance Loans. He later defaulted on the loans due to failure to make payments.

In an attempt to collect the loan debt, the United States Attorney's Office filed a lawsuit against Bell in July of 1991. According to the United States Attorney's Office for the Central District of California, Bell was then ordered by a federal judge in Los Angeles to pay $412,871.84.

As of January 2005, the balance of the outstanding student loan debt had risen to $949,518.54 due to interest and penalties on the loans.

The California Attorney General then held a proceeding before the Osteopathic Medical Board of California in May of 2006. The state charged that Bell's failure to pay on his student loan debt along with his obstruction of the government's collection efforts constituted unethical and unprofessional conduct.

In November of 2006, Bell agreed to a settlement in which he accepted the suspension of his medical license. Bell was ordered by the court to repay the student loan debt that he had accrued over the span of almost two decades.

As this is the first time California authorities have prosecuted a medical doctor for unprofessional conduct for failing to repay a student loan, it has set a precedent for similar cases that may follow.

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

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subcommittee that declining college graduation rates could result in America facing a serious shortage of qualified workers in the next few years.

"Projections based on data from the Bureau of Labor Statistics indicate that, if current trends are not changed, then the U.S. will face a shortfall of more than 3 million workers with bachelor's degrees—not in 20 or 30 years but in five years, by 2012," Wiener warned.

It could be that the decrease in graduation rates is a direct result of skyrocketing college costs, as these high costs have become a large concern for American families and college hopefuls. According to the House of Representatives' Committee on Education and Labor, since 2001, tuition and fees at four-year public colleges and universities have risen by 41%—after adjustments have been made to account for inflation. It is said that the average student graduates with $17,500 in federal student loan debt, and as many as 200,000 prospective students have delayed or forgone attending college due to financial barriers in recent years, according t o estimates by the Department of Education.

The panel recommended that in order to make college more affordable and accessible for qualified students, the government needs to simplify the federal financial aid application process, base loan repayment schedules on family income, and work with states to enhance need-based aid and cost containment. Most experts approved of the steps that Congress has already taken to cut interest rates on federal student loans in half and boost the Pell Grant scholarship for students most in need by $260, from $4,050 to $4,310.

NEWS IN BRIEF

CBO RELEASES BUDGET OPTIONS REPORT

The Congressional Budget Office (CBO) has released a report that will assist policymakers with their annual budgeting. The budget options report shows mandatory and discretionary outlays from 2002 to 2006 for the Departments of Education, Training, Employment, and Social Services. It proposes an estimated outlay of $92 billion for 2007, $80 billion of which will account for discretionary spending. The report says that educational spending makes up about 70% of discretionary funding and examines the possibilities of increasing the maximum Pell Grant and verifying incomes reported by Pell Grant awardees on their student-aid applications. The report includes options that suggest standardizing interest rates on student loans and reducing lenders' yields on PLUS loans; eliminating subsidized loans to graduate students; reducing fees for collection-related services paid to guaranty agencies under the Federal Family Education Loan Program; and eliminating administrative fees paid to schools in the campus-based student-aid and Pell Grant programs.

REPORT RELEASED ON CALIFORNIA COMMUNITY COLLEGES AND THEIR AFFORDABILITY

A report prepared by William Zumeta and Deborah Frankle and released by The National Center for Public Policy and Higher Education examines the affordability of California's community colleges. Major findings of the report reveal that in spite of low fees at community colleges in California, many of the state's students are still unable to afford community college educations. The report says that Cal Grants are not keeping pace with student financial needs and that students miss out on federal financial aid sources. Findings also state that the system's student fees are the lowest in the nation and suggest that fee increases will not necessarily reduce enrollment. The recommendations include increasing annual fees to enable fee payers to gain access to additional federal aid; linking increases in fees and state appropriations to annual growth of personal income per capita in California; directing increased-fee revenues toward improving student perseverance, completion, and transfer; and increasing the state's investment in Cal Grant awards. A nonprofit organization, The National Center for Public Policy and Higher Education prepares analyses of policy issues pertaining to higher education and communicates performance results and key findings to the public or relevant authorities with the aim of improving higher-education policy.

SUPPLEMENTAL FUNDING TO BOOST MISSOURI'S SCHOLARSHIP PROGRAMS

A bill approved by voice vote in the House will provide $88.4 million in supplemental funding to Missouri's budget for college scholarship programs and health centers that serve low-income citizens. While $60 million has been allotted for federally qualified health centers, $16.7 million will be used to fund the Charles E. Gallagher scholarship program, $8.3 million will be used to fund the Missouri College Guarantee scholarship program, and $3.4 million will be used to fund scholarships for medical and dental students. The auxiliary amount will be added to the $21 billion operating budget for the current fiscal year. The bill provides a boost to Governor Blunt's plans to sell Missouri Higher Education Loan Authority (MOHELA) assets, a move that would provide $350 million for building projects on college campuses.

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ACE PRESIDENT TO STEP DOWN

President of the American Council on Education (ACE) David Ward has announced that he will step down from his position by February 2008. Ward, who will be 70 next year, plans to remain in Washington and intends to provide consulting, write, and lecture on matters pertaining to higher education. Having led the organization since 2001, Ward has been involved in several high-profile higher-education campaigns. Last year, ACE initiated the Solutions for Our Future campaign to promote the social benefits of higher education. Most recently, it launched KnowHow2GO—a college-access campaign—in collaboration with the Ad Council and Lumina Foundation for Education. Established in 1918, ACE lists about 1,800 accredited higher-education institutions and related associations, organizations, and corporations as members and associates.

KENTUCKY UNIVERSITY TO OFFER NEW GRANT PROGRAM

Leading public higher-education institution Murray State University has launched Racer Advantage, a need-based grant that will help low-income students pay for college. Funded by an increase in tuition, the grant will allocate $600,000 for eligible students over the next four years. Next year's incoming freshmen will receive 70% of grant funding for that year, while new undergraduate transfer students will be allotted the remaining 30%. In order to be eligible, students must be full-time Kentucky residents, complete the Free Application for Federal Student Aid, and be eligible for Pell Grants. Murray State University has more than 10,000 students and 1,200 faculty and staff members.