



# NEWSLETTER

## IN THIS ISSUE:

- + Arizona Grad Debt
- + ACLU Appeal



## Law School Loans

Visit us on the Web  
[www.LawschoolLoans.com](http://www.LawschoolLoans.com)

- + Use our interactive interest rate calculator
- + Sign up for our weekly eNewsWire
- + Download our latest FREE E-Book

## Law School Loans Testimonials

J.P. says...

"The loan representative handling my loan was extremely aggressive in following up on a consolidation application I started. And I'm thankful for that. Because of all the reminders, and the convenience of pre-paid FedEx envelopes, I'm sending my application back and will save lots of money. Thanks for not forgetting about me."

## ARIZONA GRADUATE STUDENT LOAN DEBT REACHES AN ALL-TIME HIGH - BROOKE HEATH

Student loan debt for graduate students in Arizona has reached a new high. According to Higher Education Washington, Inc.'s *NewsLine*, the average graduate-degree recipient is currently carrying almost \$34,000 in student loan debt, reflecting an increase of \$7,000 over the past 10 years.

The increase in graduate student loan debt is a direct result of higher tuition and fees at colleges and universities as well as an increase in student-loan interest rates and the rising cost of living, according to university officials. They also claim that high-tuition majors, such as law, dentistry, and medicine, have helped to drive the average debt up to its current amount.

Student loan debt for graduate students has far exceeded that of undergraduate students during the past decade. According to the

*Tucson Citizen*, the average debt for Arizona undergraduates has decreased since reaching a high of \$18,271 in 2000, although the newspaper also states that a larger percentage of students are taking out loans.

Some graduate students feel that they have higher burdens of student loan debt due to the lack of scholarships and grants available to them as graduate students.

University and student leaders are worried that the trend of growing loan-debt amounts will cause more students to avoid pursuing higher degrees or increase the amount of time it takes to complete them. University of Arizona President Robert Shelton said that he is concerned that students in lower-paying majors, such as education and English, will have a difficult time paying off higher amounts of student loan debt.

*Continued on page 2*

## THE ACLU APPEALS VERDICT IN ITS CASE AGAINST THE HIGHER EDUCATION ACT

- BROOKE HEATH

Last week, the American Civil Liberties Union (ACLU) filed an appeal asking a federal court to reconsider its verdict in a case challenging the Higher Education Act's Aid Elimination Penalty. This penalty denies financial aid to any student who has been convicted of a drug offense. The ACLU argues that the penalty is unconstitutional and has asked the court to take another look at the constitutional validity of the act.

During the original motion, the ACLU fought against the Higher Education Act's Aid Elimination Penalty, saying that denying convicted students federal student aid is a second criminal punishment for those who have already served sentences imposed by the courts. The ACLU argued that this directly violates the double jeopardy clause of the Fifth Amendment of the U.S. Constitution. In October of 2006, District Court Judge Charles Kornmann upheld the Aid Elimination Penalty, ruling that insufficient evidence had been

presented to prove the law violated the double jeopardy clause.

Since being endorsed by Congress in 2000, the Higher Education Act's Aid Elimination Penalty has blocked federal aid for more than 200,000 would-be students, according to the ACLU.

"The law's purpose is to impose a second criminal punishment on students who have already served their sentences, which makes it unconstitutional," said Adam Wolf, an attorney with the ACLU Drug Law Reform Project. "Judges must assess, not ignore, lawmakers' intentions. All we ask is that the court consider the evidence."

According to a press release from the ACLU, the recent appeal was filed in the U.S. Court of Appeals for the Eighth Circuit and comes from a class-action lawsuit brought on behalf of the thousands of students affected by the

*Continued on page 2*



# NEWSLETTER

*The ACLU Appeals Verdict in Its Case Continued from page 1*

Aid Elimination Penalty, including Students for Sensible Drug Policy, and three specific individuals who were denied financial aid under the act. The appeal requests that the district court be ordered to reconsider the legislative history of the act and reassess whether the law is, indeed, a violation of the Constitution's double jeopardy stipulation.

*Arizona Graduate Student Loan Debt Continued from page 1*

There is also concern that large student loan burdens may cause graduate students to opt to pursue different fields of study, take on different jobs, or work in different sectors or industries. According to the *Tucson Citizen*, some attorneys who graduate with large amounts of student loan debt choose

"The Aid Elimination Penalty represents the culmination of a decade of legislative efforts to impose an additional criminal punishment on students who have already paid their debts to society," said Wolf. "The penalty's legislative history makes clear that this law is an affront to the constitutional rights of students."

to pursue careers in private service, as opposed to public service, due to the fact that they need higher salaries to repay their student loans.

"Unconsciously, unintentionally, we may be urging people into career paths that may be different from what they would have chosen," President Shelton said.

## NEWS IN BRIEF

### **SPELLINGS SUSPENDS ACCESS TO STUDENT LOAN DATABASE FOR LENDERS**

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

*Continued on page 3*



# NEWSLETTER

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.