



NEWSLETTER

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**Charlotte S., San Diego,
CA says...**

Of all the consolidation companies I looked at Law School Loans had the best customer service by far. The process was quick and easy and I would recommend this company to anyone.

THE COLLEGE COST REDUCTION ACT OF 2007

- SHAILEJA MAMMEN

The College Cost Reduction Act of 2007 introduced by U.S. Rep. George Miller (D-CA), chairman of the House Education and Labor Committee, proposes the largest investment in college education since the 1944 GI Bill, according to the committee's website. If passed, this legislation will help students and families pay for college at no extra cost to U.S. taxpayers.

The legislation provides for almost \$20 billion in additional funding over the next five years for college education. The funds would be raised by reductions in federal subsidies to lenders in the education loan industry. The legislation also includes provisions to reduce the federal budget deficit by \$750 million.

The maximum Pell Grant would increase by \$500 to \$5,200 over the next five years. The objective of this provision is to eliminate the gap between the maximum Pell Grant and tuition in order to assist more low- and moderate-income students.

A reduction of interest rates by half on need-based student loans has also been proposed. Other provisions include tuition assistance for excellent undergraduates who agree to

teach in public schools, loan forgiveness for graduates who go into public service, increased federal loan limits to reduce dependence on expensive private loans, and new tuition cost-control measures.

Proponents of the legislation argue that it will be an investment in America's college students and increase U.S. economic competitiveness. The legislation will make college more affordable for the middle class by cutting interest rates, controlling tuition costs, and reducing dependence on expensive private loans by increasing federal loan limits. The increase in the maximum Pell Grant and a widening of eligibility criteria will enhance the purchasing power of Pell Grants.

Students' commitments to serve as law enforcement officers, firefighters, nurses, public defenders, prosecutors, early childhood educators, and librarians will also be rewarded through loan forgiveness. Additionally, the legislation attempts to increase the number of first-generation, low-income college students by encouraging philanthropic organizations to participate in partnerships with federal, state, and local government entities.

CUOMO TARGETS JOHNS HOPKINS UNIVERSITY

- AMIT AGARWAL

As part of its settlement with New York Attorney General Andrew Cuomo, Johns Hopkins University will spend \$1 million to educate college students on financial aid. Cuomo's investigation revealed that the university's former financial aid director allegedly received about \$65,000 between 2002 and 2006 in the form of consulting fees from a student loan company.

Johns Hopkins also announced that it will officially adopt the attorney general's code of conduct for financial aid officers. The code

bans officers from receiving money from lenders and states that institutions should clearly reveal how they choose their preferred lenders.

Although Johns Hopkins is outside of Cuomo's jurisdiction, the university decided to go ahead with the settlement instead of pursuing litigation.

University president William R. Brody commented that Johns Hopkins reached an agreement in order to focus on the important issue of ensuring that its financial aid program operates in students' best interests.

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Cuomo has in recent months revealed revenue-sharing agreements between lenders and schools. Having settled with 25 colleges, Cuomo said that Johns Hopkins had the worst situation his investigators had come across.

The New York attorney general has also been successful in pushing five major lenders to adopt his "code of conduct"

which governs relationships between colleges and lenders. While four financial aid directors have been ousted as a result of Cuomo's probe, settlements such as the one with Johns Hopkins have accounted for almost \$12 million being added to his "national education fund." The fund will be used to educate college students about financial aid.

NEWS IN BRIEF

NEW BILL SEEKS TO AMEND HIGHER EDUCATION ACT

Congresswoman Carolyn McCarthy has introduced a bill to amend the Higher Education Act of 1965. The Teacher and Nurse Support Act of 2007 expands the loan forgiveness program for teachers and establishes loan forgiveness for nurses. The act is aimed at improving educational and health services across the United States by encouraging people to join and continue in these professions. According to the National Center for Education Statistics, in the next 10 years, the United States will require more than 2 million new teachers to fill posts left vacant by retiring teachers or teachers leaving their jobs to join other professions. A report by the American Hospital Association states that there are more than 118,000 unfilled registered nurse positions in hospitals across the nation.

DODD PLANS TO INTRODUCE BILL THAT WOULD REFORM PRIVATE STUDENT LENDING MARKET

Chairman of the Senate Committee on Banking, Housing, and Urban Affairs Senator Chris Dodd has announced that he plans to introduce a bill that would reform the private student lending market. The Private Student Loan Transparency and Improvement Act directs private lenders to provide customers with accurate and timely information pertaining to interest rates and other terms and conditions associated with their products. The bill is designed to help students better understand the products they are buying as well as their options and obligations. The act also prohibits various practices that have prevented students from obtaining the best and most competitive loans.

MARYLAND ATTORNEY GENERAL WANTS COLLEGES TO ADOPT CODE OF CONDUCT

Maryland Attorney General Douglas F. Gansler has asked Maryland's colleges to adopt a "code of conduct" governing their relationships with student loan lenders. Gansler's code is similar to the one introduced by New York Attorney

General Andrew M. Cuomo. It prohibits educational institutions from receiving "anything of value" from lenders. It also disallows them from forming revenue-sharing agreements with preferred lenders and asks colleges to disclose the criteria they use for selecting preferred lenders. According to the code, students must be informed of their right to borrow from lenders other than those recommended by the college.

CBA REACTS TO BUDGET CUTS AFFECTING FFELP

Joe Belew, President of the Consumer Bankers Association (CBA), issued a statement on the recent budget cuts affecting the Federal Family Education Loan Program. Belew called the legislation authorizing the cuts an "anti-student bill in pro-student clothing." He said the move will destabilize the student loan program, which is relied on by approximately eight out of 10 students attending higher education institutions. He also stated that customer service is likely to suffer since the budget cuts will affect administrative costs and that customers will lose out on the benefits provided by lenders. Belew said the CBA regards the move as short-sighted and urged the Education and Labor Committee to "reconsider this unsound package of legislation."

FLORIDA WILL PROVIDE FINANCIAL AID TO STUDENTS RECEIVING TECHNICAL TRAINING

Students in technical-training programs will be eligible for financial aid from the State of Florida, effective July 1. The bill establishing the Florida Student Assistance Grant for Career Education Program was sponsored by Rep. Aaron Bean in the Florida House and by Sen. Stephen Wise in the Senate. Under the provisions of the bill, financial aid will be given to students involved in a wide range of workforce training programs, from air-conditioning and refrigeration programs to aircraft- and automotive-service programs to carpentry, electricity, and healthcare training programs. Students pursuing careers in public service will also be able to receive state aid. To be eligible for aid, a student must be enrolled in an approved program at a community college or a career technical center run by a Florida school district.