



NEWSLETTER

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STUDENT LOAN PROGRAMS SCALED BACK, SOME TERMINATED

- CARINA ZARAGOZA

The recent subprime mortgage meltdown has made its way into the higher education sector. Coupled with the recent student loan industry fiasco and current economic uncertainty, several leading student loan lenders have announced they will cut back or eliminate altogether loan programs.

The majority of schools affected by these cutbacks are for-profit colleges, or career colleges. Among the schools whose students will be impacted are:

- DeVry Incorporated of Illinois. The college's students will no longer be offered discount loans. DeVry maintains its student loan program is "in good standing."
- University Technical Institute of Phoenix. Likewise, the college's students will no longer be offered discount loans. UTI anticipated the cutback due to economic signals and added other lenders and programs for its students.
- ITT Educational Services of Indiana. ITT added three new lenders that will offer the same loans that were cut by previous lenders.
- Corinthian Colleges, headquartered in California, saw three of its lenders end their loan programs.

The risk and loss as a result of defaulted subprime mortgages have made lenders wary of extending loans to students with poor credit. Last year's College Cost Reduction and

Access Act, which cut subsidies to lenders under the Federal Family Education Loan Program (FFELP), cut deeply into the profits of lenders, contributing to their decisions to end loan programs.

Perhaps in anticipation of these cutbacks, or as a gesture to ease the burden of debt for students, Dartmouth College and Bowdoin College have both recently replaced loans with grants.

Bowdoin College, a liberal arts and sciences college located in Maine, announced on January 18, 2008, that it will eliminate loans for all new and current students beginning in the 2008-2009 academic year. Students, who must be receiving financial aid to qualify for the new program, will be given grants to attend the college. The new program is ambitious, given the institution's relatively small endowment of less than \$1 billion.

Dartmouth also will replace loans with grants for all students eligible for financial aid. Dartmouth will require no contribution for students from families with incomes of \$75,000 or less. And Dartmouth is extending this aid to international students, one of the very few institutions to do so.

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INVESTIGATIONS INTO STUDY-ABROAD PROGRAMS

- CARINA ZARAGOZA

The New York Attorney General's Office has expanded its investigation of study-abroad programs offered by colleges and universities across the country. The investigation is headed by Attorney General Andrew Cuomo, who made headlines in recent years with his investigation into the student loan industry.

Fifteen institutions received subpoenas this month. These 15 colleges and universities were selected because of suspected agreements between them and study-abroad providers. The subpoenas come only a few months after several study-abroad providers were contacted by Cuomo's office last August and September. A few of the providers have publicly acknowledged the investigation, have complied with the subpoenas, and have since sent the requested documentation to Cuomo's office.

The investigation into study-abroad programs began last summer. A *New York Times* article suggested officials working with study-abroad programs might be influenced by perks from study-abroad providers. Among the perks, free overseas travel for school officials was cited, as well as stipends to market programs to students.

How and why institutions choose study-abroad providers are among the questions Cuomo's office hopes to answer. The *New York Times* article alleges that preference for some programs over others due to possible kickbacks limits students' choices and even puts in peril students' safety while abroad.

These allegations are reminiscent of allegations of inappropriate relationships between schools and lenders made during the student loan inquiries. This investigation makes it publicly known that potential conflicts of interest among schools, school officials, and businesses will be scrutinized.

Both investigations bring to light a potential trend within higher education. Is it possible that these are just two examples of schools receiving incentives? Could other areas of the college experience be subject to outside, and monetary, influences? With this new investigation into higher education institution practices, some of these questions may be answered and at the same time prompt school officials to reevaluate their practices.

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NEWS IN BRIEF

LAW LIBRARIANS GET GRANT

Two law librarians at the H. Douglas Barclay Law Library have been awarded a national grant. The library's assistant director for faculty and outreach services and its reference/student services librarian have both received the 2007 Wolters/Kluwer Law and Business Grant from the American Association of Law Libraries. The decision to award them the grant was based on various parts of their work for the library and their achievements so far.

LAW CLINIC RECEIVES AWARD

The Emory Law Barton Child Law and Policy Clinic will be recognized at an awards ceremony at the end of January. It will be honored with the 2008 Martin Luther King Jr. Community Service Award. The award

was created to reward people, programs, schools, and other organizations that are making efforts to lessen "social injustices and inequities" in their communities.

STUDENTS PUSH FOR GREEN

Several law students are asking for higher environmental standards for a new law school building plan. Around 20 students want the University of Michigan to take note of the potential environmental impact of the buildings it is planning to build. The students are part of the Environmental Law Society and are trying to persuade the school to apply LEED standards through methods such as meeting with the building team and getting a petition signed. The university's regents approved the building project and the \$102 million that it will take to complete the academic buildings planned.

