



# NEWSLETTER

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## Law School Loans

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## Law School Loans Testimonials

**Richard D. New York, NY**  
says...

I was surprised to receive so much personal attention from Law School Loans, it was almost as if they were eager to save me money. The people I spoke with were helpful and they were able to save me \$26,321 off of the total loan cost.

## KENNEDY INTRODUCES LEGISLATION THAT WOULD ALTER FEDERAL FINANCIAL AID

- CARINA ZARAGOZA

On April 3 Senator Edward M. Kennedy (D-MA) introduced legislation that would make sweeping changes to federal financial aid. The bill, given the short name "Strengthening Student Aid for All Act," is intended to ensure students have sufficient access to financial aid, in the forms of both grants and loans.

Kennedy referred not only to the increased reliance of students on federal student loans but also to the current economic crisis as impetuses for the legislation.

"More than 6 million students relied on federal loans last year," cited Kennedy, who continued, "Americans are facing economic challenges at every turn. They see jobs disappearing, homes being foreclosed, [and] debts soaring."

Kennedy wishes to pass the bill to prevent students from being unable to pay for college.

The major components of the bill are as follows:

- Increase the federal Pell Grant for lowest-income recipients by \$750.
- Increase federal loan limits by \$1,000 for dependent undergraduate students and \$2,000 for independent undergraduate students.
- Allow deferment of Parent PLUS Loans while students are in school.
- Clarify the Secretary of Education's authority to provide lenders with capital.

- Allow the Department of Education to purchase loans from FFELP lenders.

Secretary of Education Margaret Spellings has responded to a portion of these concerns and requests. Spellings confirmed that the Department of Education has the authority to provide lenders advances under the lender-of-last-resort statutory provisions. In a letter to Representative George Miller (D-CA), chairman of the House Education and Labor Committee, Spellings indicated she will soon release guidelines as to how the program will be implemented if needed.

Spellings was responding to legislation introduced by Miller and Ruben Hinojosa (D-TX). The legislation, similar to Kennedy's, is designed to protect student access to financial aid. Among the provisions are two key requirements that would help student and parent borrowers move away from costly private student loans. The legislation calls for an increase of federal loan limits for all students by \$2,000 as well as implementing longer repayment periods for Parent PLUS Loans.

### On the Net

Higher Education Washington Inc.  
[www.hewi.net](http://www.hewi.net)

Strengthening Student Aid for All Act  
[kenedy.senate.gov/imo/media/doc/Strengthening%20Student%20Aid%20for%20All%20Act.pdf](http://kenedy.senate.gov/imo/media/doc/Strengthening%20Student%20Aid%20for%20All%20Act.pdf)



# NEWSLETTER

## NEW TREND IN EDUCATION FINANCE COUNSELING PROGRAMS

- CARINA ZARAGOZA

Student indebtedness has been a hot topic as of late, and some schools are taking it upon themselves to educate their students about finance management. Some schools, such as Bowling Green State University, have implemented counseling programs that are separate from financial aid offices.

Financial aid offices will always be necessary and fulfill the role of processing aid for students to pay for the cost of attendance. However, Bowling Green's [Student Money Management Services](#) is focused on educating students about financial management matters ranging from borrowing loans to managing credit card and other types of debt. Students can make appointments to meet with counselors, who are either employed or are volunteering, to discuss basics like how to balance a checkbook as well as more substantial subjects like repaying student loans.

Counseling programs are kept separate from financial aid offices to ensure there is no confusion between the mission of counseling programs and the role of financial aid offices. Counseling programs focus on financial literacy, while financial aid offices deal solely with the financial aid process.

Bowling Green's counseling services are modeled after similar programs at the University of North Texas (UNT) and Texas Tech University. UNT's [Student Money Management Center](#) was opened in 2005 and has won a state award for providing essential services and finance education to

students. Texas Tech's [program](#), Red to Black, is student run and was developed in 2001.

Major impetuses for creating such counseling programs for students are the increased need to borrow loans to pay for school as well as the use of credit cards to pay for college expenses. One [report](#), published by the U.S. Public Interest Research Group, found that students use credit cards to pay for books and even tuition.

A large contributing factor to this increased use of credit cards by students is the plethora of companies who market to students, many times on campus. Colleges themselves enter into agreements that allow on-campus marketing to students, a practice that has come under fire.

Duane E. Whitmire, director of Bowling Green's counseling program, believes "the same critical-thinking skills taught in academic classes can be applied to financial management" and tries to impart this knowledge to students.

There are about 20 programs offering this type of financial counseling in colleges nationwide.

### On the Net

Inside Higher Ed  
[www.insidehighered.com/news/2008/04/04/financial](http://www.insidehighered.com/news/2008/04/04/financial)



# NEWSLETTER

## NEWS IN BRIEF

### **LOAN REPAYMENT ASSISTANCE PROGRAM AT NYU SCHOOL OF LAW IMPROVED**

New York University School of Law has decided to improve its loan repayment assistance program. The law school currently has one of the nation's largest loan repayment assistance programs. The improvements, which will apply to those who graduated in 2005 and later, include a reduced program participation period for loan forgiveness, bar study loan allowances up to \$10,000, and the inclusion of employer-approved parental leave as qualifying employment, among others.

### **HARVARD WILL WAIVE 3L TUITION FOR STUDENTS ENTERING THE PUBLIC SERVICE SECTOR**

Harvard has decided to waive 3L tuition for students who join public interest areas upon graduation, hoping to encourage more lawyers to practice in such areas. To be eligible students must promise to spend five years

working for the government or nonprofit organizations. Said Harvard Law School Dean Elena Kagan, "We know that debt is a big issue. We have tried to address that over the years with a very generous loan forgiveness program, but we started to think that we could do better."

### **STUDENT LOAN XPRESS EXITS FFELP BUSINESS**

Student Loan Xpress, based in San Diego, California, has announced it has exited the student loan business. As of April 3, 2008, Student Loan Xpress will no longer make Federal Family Education Loan Program (FFELP) loans. The company will focus on its "core commercial finance franchises." Student Loan Xpress only last year stopped its private loan lending business. Student Loan Xpress was among the FFELP lenders cited by New York Attorney General Andrew Cuomo and his office during their investigation into student loan lending practices.

