

IN THIS ISSUE:

- + Free Schooling in Mass.
- + PHEAA Spends \$400,000



Medical School Loans

Visit us on the Web

www.MedicalSchoolLoans.com

- + Check out our Audio Room for new podcasts!
- + Download our new, FREE E-Book!

Medical School Loans Testimonials

Dr. Marianne J. says:

"I was always thought that repaying the staggering debt that I accrued in medical school would take the rest of my life. But when I called Medical School Loans, and I found out I could pay off my educational debt after all."

MASSACHUSETTS GOVERNOR PROPOSES FREE ATTENDANCE TO COMMUNITY COLLEGES

- BROOKE HEATH

Last week, Massachusetts Governor Deval Patrick (D) announced new public education plans for his state at the University of Massachusetts-Boston commencement ceremony. This proposal would allow all Massachusetts high school graduates to attend the state's community colleges free of charge for two years.

The proposal is part of Patrick's vision for a "cradle-to-career" public education. According to Channel 7 News in Boston, the governor's plan also includes lengthening the school day by at least two hours, lengthening the school year, creating a universal pre-kindergarten program, strengthening curriculum requirements in math and English, and launching new teacher training programs.

Governor Patrick anticipates that the free community college funding proposal would take effect by 2015.

Currently, Massachusetts' community colleges are some of the most expensive to attend in the country, according to *The Boston Globe*. But the plan considers the community colleges to be critical to helping the state's economy, as educating Massachusetts' citizens will help to fill the 20,000 empty jobs in the state that require a two-year degree.

Of the governor's proposal, Senator Robert A.

PHEAA SPENDS MORE THAN \$400,000 IN LEGAL FEES TO COVER LAVISH EXPENSES

- BROOKE HEATH

The Pennsylvania Higher Education Assistance Agency (PHEAA) spent more than \$400,000 in legal fees in an effort to keep its travel expenses out of the public eye. Nevertheless, last week, the Pennsylvania Supreme Court ordered PHEAA to disclose the same information that it spent more than \$409,000 to keep hidden.

According to *The Express-Times*, the legal fees

Antonioni, co-chairman of the Legislature's Joint Committee on Education, said, "I can say that those are all ideals or goals that I would support. One question that comes to mind is 'What sort of structure are you going to have to oversee all of this?' and, number two, 'How do you pay for it?'"

Governor Patrick's proposal did not go into detail about how he plans to fund this venture. He did, however, speak of a commission that would recommend ways to pay for the changes.

According to *The Globe*, Michael J. Widmer, president of the Massachusetts Taxpayers Foundation, estimates that the governor's proposal to allow students to attend the community colleges for free would cost "roughly \$50 million to \$75 million a year."

"It's the right kind of priority, and it's a bold statement," said Widmer. "But the tough decision of how to pay for it is unanswered."

Allowing students to attend community college for two years at no cost would be a first for any state in the country, according to *The Globe*. However, critics are unsure if the state's community colleges would be able to help the governor execute his plan in only eight years, as approximately 200,000 students attend Massachusetts' 15 community colleges.

were paid to two law firms to defend PHEAA in a court battle against The Patriot-News of Harrisburg, The Associated Press, and Pittsburgh's WTAE-TV. The battle began when the media organizations requested PHEAA's travel-expense records in 2005.

The travel expenses included receipts dated as far back as 2000, totaling more than \$860,000

Continued on page 2

To comment to the editor, Carleen Trapp, call 626-243-1881.

in expenses. The expenses were accrued by the agency's employees and board members, the majority of whom were state lawmakers, while they attended several retreats and resorts.

According to *The Morning Call*, the expenses included costs associated with banquets, state-owned airplanes, bar tabs, golf outings, and spa treatments, including \$156,000 for a November 2001 event at the Meadowood Napa Valley Resort in California's wine country. The lavish trip included \$100 facials, a \$95-per-person buffet, \$175 for falconry lessons, and a \$491 limo ride for a shopping expedition.

Founded in 1964, the Pennsylvania Higher Education Assistance Agency has claimed to serve millions of students across the nation through its financial aid programs, but its most recent

bill of \$409,000 in legal fees has critics thinking otherwise.

"How many scholarships does that represent?" asked Pennsylvania Education Secretary Gerald Zahorchak, who, according to *The Morning Call*, was upset by the amount the PHEAA had accrued in legal fees.

In an article in *The Express-Times*, PHEAA officials claimed that they took their case to the Pennsylvania Supreme Court because they wanted to receive a definitive ruling. PHEAA officials also added that since the release of the expense records, the board has tightened its travel policies.

In addition to releasing documentation of its travel expenses, the PHEAA must also pay a portion of the \$65,000 in legal fees incurred by the media organizations in this case.

NEWS IN BRIEF

SPITZER SIGNS STUDENT LOAN REFORM INTO LAW

New York has become the first state to protect students and their families from abusive practices in student loan industry. Governor Eliot Spitzer signed legislation to this effect transforming the SLATE Act into law. The legislation will halt all controversial conflict-of-interest practices rampant in the student loan industry. These practices include lenders bribing college employees, lenders posing as school employees, and lenders giving donations to schools in exchange for student loanes, etc. The legislation was the outcome of a probe initiated by Spitzer when he was state attorney general followed up by his successor, the present Attorney General Andrew Cuomo.

NASFAA ANNOUNCES CODE OF CONDUCT

The National Association of Student Financial Aid Administrators (NASFAA) issued its "Code of Conduct for Institutional Financial Aid Professionals." Declaring this, Dallas Martin, the president of NASFAA, and Andrew Cuomo, the NY Attorney General, said the Code of Conduct was developed and unanimously approved by the NASFAA's Board of Directors. It was developed in collaboration with the Attorney General's Office in NY to guide loan administrators in ensuring blemish-free policies and practices. NASFAA

already has its own "Statement of Ethical Principles," adopted in 1999. These principles provided all its members with specific standards of conduct that they should follow as professionals. The new six-point code is an expansion of these principles.

EXISTING VARIABLE-RATE STUDENT LOANS TO GO UP BY .08 PERCENTAGE POINTS

This summer, effective July 1, interest rates on existing variable-rate student loans will scale up. Students who have already started making repayment of their Stafford loans, the interest rate will be 7.22%. Parents and students have been asked to take advantage of the lower rates by applying for student loan consolidation by June 30. The consolidation of student loans simplifies record-keeping hassles and also reduces the monthly payment amount by half. It also helps to stretch the repayment period from the standard 10 years to up to 30 years, depending on the amount of the education debt. However, extension of the repayment period also increases interest in the long run. The Stafford and PLUS loans that were distributed before July 1, 2006 charge variable interest rates. These rates are calculated through a federal formula and based on the last auction of 91-day U.S. Treasury bills in May.

Continued on page 3

BACK OFF HIGHER EDUCATION ACCREDITATION CHANGES, SEN. ALEXANDER TO DOE

In a statement, Sen. Lamar Alexander of Tennessee said that the education department is “proposing to restrict autonomy, choice, and competition” with its proposed changes to the way colleges accredit themselves. He said that the education department’s commission proposed a system of accountability to colleges that is difficult. It also dictates on accepting of transfer students, and measuring student learning, etc. Such measures, he feels, will throttle institutional autonomy. He says that changes that are “fundamental” in nature should be done by the Congress. He has asked the Department to halt issuing any final regulations on such issues until these are legislated by the Congress first. He has also proposed a different course to measure accountability. He has asked the Education Secretary to call upon the educationists to accept more responsibility for assessment and accountability, failing which the federal government will take it upon itself. He also proposed establishment of an award for accountability in higher education similar to Baldrige award for quality in American business. The award will encourage institutions to

focus on the quality of education. In addition, he also asked to make “research and development grants to states, institutions, accrediters, and assessment researchers to develop new and better appropriate measures of accountability.”

SCOTT’S MEASURES TO PROVIDE LOAN REPAYMENT ASSISTANCE APPROVED

Huge student debt burdens often discourage many talented law graduates from pursuing public service careers. In an effort to reduce the shortage of prosecutors and public defenders, the U.S. House of Representatives passed the John R. Justice Prosecutors and Defenders Act of 2007 introduced by Rep. David Scott in the House. The Act provides loan repayment assistance up to \$10,000 a year (with a lifetime award limit of \$60,000) to such law grads willing to work as prosecutors and public defenders for at least three years in the criminal cases. The tendency to bypass public service careers to work for higher-paying jobs, though stems from the loan burdens, affects the communities adversely, he stated. The criminal justice system suffers from lack of experienced prosecutors and defenders joining it, lamented Scott.