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WEEKLY MEMORANDUM

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The Weekly Memorandum, a publication of WPLL, provides a summary of news and events in higher education, particularly in the area of student aid. **Please use the bookmarks in the Executive Summary to navigate to your area of interest.**

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1. Media and Congress Focus on Relationship Between Lenders, Department

With Secretary Spellings set to offer testimony on the Department's oversight of federal student programs on May 10, the media and Congress began to focus on the relationship between the Administration and lenders.

On Tuesday, the *Washington Post* ran a front page, above the fold story titled "Warnings on Student Lenders Unheeded" that focused on a 2001 decision by Bush officials at ED not to issue guidance on inducements that was proposed during the Clinton Administration. House Education and Labor Committee Chairman George Miller requested documents and information pertaining to the White House's involvement with federal student loans and the Reading First program. On Friday, Miller announced that ED's Office of Inspector General (OIG) had initiated an investigation into the relationships between lenders and Department officials at his request.

Included in Miller's information request were communications from Spellings to the Department during her tenure as Domestic Policy Advisor to President Bush. Spellings served as Domestic Policy Advisor in the Bush Administration before taking over for former Secretary Roderick Paige. In addition to requesting the White House communications, Miller also is asking for all student loan and Reading First related emails and additional communications from Paige, former Senior Advisor to Secretary Paige Beth Ann Bryan, former Deputy Secretary William Hansen, former Under Secretary and Deputy Secretary Eugene Hickok, and present Chief of Staff David Dunn.

In announcing his latest inquiry, Miller referenced the *Post* story that ran on the same day. Some critics have said that the Administration's 2001 decision not to issue a Dear Colleague Letter relating to prohibited inducements showed the Department was lacking in its oversight of the federal student loan programs, but current and former Department officials have said the guidance was much too burdensome. One former official, Jeffery Andrade, was quoted in the *Post* as saying the proposed 2001 Dear Colleague Letter was "draconian" and told the publication that roughly half the colleges in the U.S. would have been found in violation of that policy.

In addition to the proposed DCL, the *Post* also referenced several OIG reports relating to the oversight of the federal student loan programs. OIG reports in 2003 and 2006 indicated the Office of Federal Student Aid had yet to adequately review lenders, guaranty agencies, and servicers for compliance. The Department was also reportedly mulling additional anti-inducement regulations in 2005, but attorneys questioned the validity of rules that would not have been created and issued through a normal process.

"Of course, in hindsight, that wasn't such a great decision," said Sally Stroup, the former Assistant Secretary for Postsecondary Education and current Deputy Staff Director for the Minority on the House Education and Labor Committee.

To view Miller's letter to White House Counsel Fred Fielding, visit:
<http://edlabor.house.gov/correspondence/050107GMFieldingLetter.pdf>

To view Miller's letter to the Secretary Spellings, visit:
<http://edlabor.house.gov/correspondence/050107GMSpellingsLetter.pdf>

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2. HELP Markup of HEA Reauthorization Postponed Until After Memorial Day

At the end of the week, several informed sources have begun reporting that anticipated Senate HELP Committee markup of legislation to reauthorize the Higher Education Act has been postponed until after Memorial Day. For the past couple of weeks, rumors were swirling that the HELP Committee would mark up HEA reauthorization as soon as the upcoming week, with May 10th given as a possible date for the Committee to consider the legislation. Instead, all eyes of the education communities will now be focused on Secretary of Education Margaret Spellings and the House Education and Labor Committee. Spellings is scheduled to testify before the Education and Labor Committee May 10th at 10:30 a.m.

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3. Conrad Cautions Against Budget Reconciliation for Student Loans

Calling it an "abuse of the process," Senate Budget Committee Chairman Kent Conrad (D-ND) came out strongly against using a budget reconciliation package as a vehicle for massive cuts to the FFEL program this week. According to reports in *The Hill*, *Congress Daily* and *Bloomberg News*, despite the efforts of Senate HELP Committee Chairman Ted Kennedy (D-MA), Conrad and several Senate Democrats remain opposed to using a tactic intended to produce budgetary savings to overhaul the federal student loan programs. Republicans in both chambers are opposed to the idea.

If Kennedy can convince Senate budget conferees to accept the House reconciliation package, his college aid proposal, which would reduce lender insurance to 85 percent, could be rolled into the final budget proposal. By tying the FFELP cuts to the budget resolution, Kennedy's plan could then pass the full Senate with only a majority of 51 votes and with a limit on the time for debating amendments, as opposed to the 60 that would be required to avoid a filibuster through normal order.

Several of Conrad's allies have said they support parts of Kennedy's proposal, but are leery of using reconciliation as a means for circumventing regular Senate procedure. Sen. Jack Reed (D-RI) told *The Hill* that reconciliation supporters "had better be prepared to point to how it would have a positive effect on the bottom line of the government."

Conrad is also concerned that using the budgeting tool for something other than its intended purpose will open a Pandora's Box for the budgetary process.

"If we start down that road, I would just ask my colleagues: Where does it end? Everybody and anybody who's got a spending initiative will want to do it in reconciliation," said Conrad.

Should Senate conferees reject the House reconciliation proposal, Kennedy's plan would come in the form of the reauthorization of the Higher Education Act. Since this measure could be filibustered without 60 votes, nine Republicans would have to cross the aisle for it to pass. In need of at least nine votes, the HELP Committee Chairman would then be much more likely to compromise on the drastic cuts the lending community says the FFEL program cannot sustain.

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4. Additional FFEL Cuts Could Nix Sallie Mae LBO

Multiple media outlets reported this week that Congressional action may kill the blockbuster \$25 billion leveraged buyout of Sallie Mae. If Congress were to pass steeper cuts to the FFEL program than the \$16 billion requested in the President's budget proposal, it could lead investors to nix or at least restructure the deal.

According to a copy of the purchase agreement between Sallie Mae and a group of investors led by J.C. Flowers and Co. obtained by *Bloomberg News*, the agreement allows for buyers to pull out of the deal if there are "changes in applicable law" that are "more adverse to the company and its subsidiaries, taken as a whole, than the legislative and budget proposals described" in the company's annual report. In its annual 10-K filing, Sallie Mae did list several pending proposals that could harm the company, the most damaging being President Bush's call for a 50 basis point reduction in lenders' guaranteed rate of return in the FFEL program.

The fate of the deal may very well rest on whether the Senate accepts the House's reconciliation instruction for the budget resolution. If the Senate were to accept the instruction, which is opposed by Senate Budget Committee Chairman Kent Conrad (D-ND) and several Democrats, it would be much easier to pass drastic cuts to the FFEL program. Tied to the budget resolution, Sen. Ted Kennedy's (D-MA) plan to cut the program by \$22 billion would only need a majority of 51 votes to pass through the Senate, as opposed to the 60 that would be necessary to avoid a filibuster through regular order.

Wall Street is certainly following this debate, and analysts have a variety of predictions. Some analysts from Goldman Sach's, the world's largest securities firm, have downgraded their rating of Sallie Mae stock from "buy" to "neutral" amid concerns that Congressional cuts will exceed the President's proposal and jeopardize the deal. However, other analysts remain confident the Senate will refrain from using

reconciliation as a vehicle for an overhaul of federal student loans, thus forcing Kennedy into a position where he would have to compromise with at least nine Republicans—as well as possibly some members of his own party—to pass his college aid package.

“Kennedy would need 60 votes for whatever he tries to get and that will be very difficult to do without compromising. The key thing is how much he'll have to compromise, and he'll have to compromise a great deal more without reconciliation because he'll need 60 votes. And that will be very reassuring to shareholders,” Charles Gabriel, an analyst at Prudential Equity Group in Washington, told *Bloomberg News*.

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5. ED Begins Restoring Third Party NSLDS Access

This week, the Department of Education began restoring third party access to the National Student Loan Data System (NSLDS). The Department sent the 35 guaranty agencies applications to re-access the system. The applications ask for a list of individuals who will have access and the reasons they need that access. The Department is reviewing the applications and will begin permitting access when the approval process is complete.

It is not clear how long that will take, but as of Friday morning, the Firm was not aware of any guaranty agencies that had had access restored. Lenders will next start the same process, then additional companies affiliated with the student loan industry. New safeguards already implemented for schools include a requirement that a user type in a random set of numbers and letters that appears each time they access the system.

In her letter to guarantors, Pam Eliadis, director of the NSLDS Group, said the Department has instituted a "no tolerance policy" for violations within the data system. Senate HELP Committee Chairman Ted Kennedy (D-MA) said he was pleased with the quick response to his request for a shutdown and review of the system and commended the Department for implementing additional safeguards, but still questioned the Department for allowing the alleged abuses to occur in the first place.

"I'm pleased by the Secretary's quick response to concerns about the security of the National Student Loan Data System and I'm cautiously optimistic that the steps taken by the Department of Education will make the system more secure and prevent further instances of data-mining. I remain concerned, however, by the Department's inadequate efforts to address security concerns until recently," said Kennedy.

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6. Enzi Introduces Student Loan Marketing Reform Legislation

Senator Mike Enzi (R-WY), the ranking Republican on the Senate Committee on Health, Education, Labor and Pensions, introduced the Student Loan Accountability and Disclosure Reform Act, S. 1262, this week. Joining Senator Enzi on the bill as co-sponsors: Senators Lamar Alexander (R-TN), Wayne Allard (R-CO), Richard Burr (R-NC), Johnny Isakson (R-GA), Lisa Murkowski (R-AK), and Pat Roberts (R-KS).

The legislation is similar to H.R. 1994, the Financial Aid Accountability & Transparency Act, introduced by Congressmen Howard McKeon (R-CA) and Ric Keller (R-FL) last week and reflects the consensus on the need for new legislation in this area that has emerged on Capitol Hill.

“In this era of rising college costs, it is more important than ever to make sure that the colleges, lenders and guaranty agencies that provide student loans to help pay for college operate in a fair, accountable and transparent manner,” Enzi said. “If students and families are to make informed decisions about how to pay for college, they must have clear, accurate, comprehensive information on which to base their decisions.”

The Enzi bill includes the following key provisions:

- Establishing a Code of Conduct for institutions of higher education that prohibits colleges and their employees from receiving anything of value from any lender in exchange for advantages sought by the lender;
- Prohibiting institutions of higher education from designating “preferred lenders;”
- Requiring colleges to provide students and parents with a guide that enables them to do their own evaluation of the loan products, benefits, and services offered by the lenders;
- Requiring an annual attestation of college compliance by a high level college official with the Code of Conduct;
- Expanding prohibitions on guaranty agencies and lenders, including provisions that prohibit the offering of any premiums, payments, prizes, and tuition payments;
- Prohibiting both lenders and guaranty agencies from sending unsolicited electronic mailings to potential borrowers; and,
- Phasing out the ability of colleges to act as lenders in the Federal Family Education Loan program, a provision commonly referred to as “school-as-lender”

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7. Cuomo Begins Investigating Lenders & Alumni Associations

On Thursday, New York Attorney General Andrew Cuomo announced the scope of his investigation into the student loan industry had broadened to include the relationships between lenders and alumni associations. According to a news release, Cuomo's office sent subpoenas to 90 alumni associations seeking information and documents relating to their relationship with Nelnet. Nelnet also received a subpoena.

Much like his investigation into schools, Cuomo's alumni association probe centers around whether the groups received and did not disclose payments from Nelnet for pointing their members towards the company for student loan consolidations. The alumni associations are independent separate entities from their given schools, and all of the alumni association representatives quoted in media coverage of the announcement have said their arrangements with Nelnet are legal and appropriate.

In response to the announcement, Nelnet issued a statement defending its practices and disclosing it had "affinity agreements" and license arrangements with 120 alumni associations. Under the agreements, the company generally pays the alumni groups an annual fee for access to their member mailing lists and the usage of the organization's logos in marketing materials.

"We have been and remain proud of our affinity relationships with alumni associations. These relationships provide valuable information and opportunities to alumni regarding student loan consolidation, as well as generating income that helps alumni associations carry out their mission," the company said in a statement.

Although both Nelnet and its affiliated alumni associations agree there has been absolutely no wrongdoing in this instance, the company will alter its practices to avoid any perceived conflicts of interest. In the future, Nelnet will disclose to alumni borrowers any monetary arrangement the company may have with the alumni association and will work with the alumni groups to eliminate fixed fees paid for each consolidation loan application.

In other news on the Cuomo investigation front, his office announced that six additional schools have agreed to abide by the Code of Conduct. Cuomo's office has now reached agreements with 51 schools, including all 29 campuses of the SUNY system, as well as the top four student lending companies, Sallie Mae, Citibank, JPMorganChase, and Bank of America.

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8. Searching for “Solutions,” House Higher Ed Subcommittee Avoids Scandal Discussions at Recent Hearing

On May 1, the House Education and Labor Subcommittee on Higher Education, Lifelong Learning, and Competitiveness convened a hearing, “Paying for a College Education: Barriers and Solutions for Students and Families.” The hearing featured testimony from witnesses representing a cross-section of stakeholders in student aid policy. The following witnesses provided testimony: Dallas Martin, president of the National Association of Student Financial Aid Administrators (NASFAA); Claude Pressnell, vice chairperson of the Advisory Committee on Student Financial Assistance; Luke Swarthout, higher education advocate from the U.S. Public Interest Research Group (US PIRG); and Jim Boyle, president of College Parents of America.

This Subcommittee, chaired by Representative Ruben Hinojosa (D-TX), has held a series of hearings on issues related to the pending reauthorization of the Higher Education Act (HEA). In his opening statement, Chairman Hinojosa asserted that the goal of this hearing was to, “focus on the core mission of the Higher Education Act—removing financial barriers to college.”

In his testimony, Martin discussed the important role financial aid administrators play on thousands of college campuses nationwide. These responsibilities stretch far beyond assistance in filling out forms and applying payments, he asserted. He also said that certain proposed minor changes to specific student aid programs are largely unnecessary will only result in adding additional complexity to an already complicated system of federal student aid. Pressnell discussed a number of the Advisory Committee’s findings and recommendations relative to simplifying the financial aid process and advocated an increase in need-based aid and more coordination with state efforts to provide the neediest students with additional funding. Swarthout expressed concern about the growing amount of student debt placed “on the backs of students” and pushed for additional federal investment in student aid programs, as well as the implementation of an income contingent repayment plan in all loan programs. Boyle called for an increase in tax-deductible college related expenses in combination with increasing need-based aid and federal loan limits.

In light of the press coverage surrounding the investigations of New York Attorney General Andrew Cuomo, House Education and Labor Committee Chairman George Miller (D-CA), and Senate Health, Education, Labor, and Pensions (HELP) Committee Chairman Ted Kennedy (D-MA), some expected the hearing to devolve into yet another forum to question the relationships between lenders and schools, especially considering the presence of Martin, who has been a central figure in several of the stories related to the investigations. However, aside from a brief mention from Martin of a need for “additional legislative clarity” on the relationship between lenders and schools, and Boyle’s reference to “a few bad actors” damaging the reputation of “a system that, for the

most part, works well,” witnesses chose instead to offer a broad assessment of federal student aid issues.

By and large, Members also stayed away from questions related to the investigations, instead focusing on matters that could have a much greater effect on the “bottom lines” of students and parents. The one exception was Rep. Thomas Petri (R-WI), who said he “had to address the elephant in the room” by asking Martin about the relationship NASFAA itself has with lenders, as well as the decision by the association’s board of directors not to adopt a code of ethics for member institutions. Martin explained that the NASFAA board was divided on the 2004 vote that resulted in rejection of a code of ethics that had been developed by a NASFAA working group, and said the organization is once again developing a code of ethics for member institutions. Additionally, the association has taken on a review of its relationships with lenders. Petri was also very interested in Swarthout’s call for legislation that would extend the income contingent repayment plan to all federal loans, as he has been proposing such a program for some time.

Several Members—including the Ranking Members in the House Financial Literacy Caucus, Subcommittee Chairman Ruben Hinojosa (D-TX) and Rep. Judy Biggert (R-IL)—queried the panel on how the government could encourage families to save for college. Building on this interest, Rep. Bobby Scott (D-VA) asked witnesses about the rise in credit card usage on campuses, and Biggert asked about formal financial literacy courses for college students. Witnesses spoke in favor of the formal courses and said that savvy marketing and rapidly increasing tuition costs were the main culprits behind the rising amount of student held credit card debt.

For additional information on this hearing, including an archived webcast and links to witness testimony, visit: <http://edworkforce.house.gov/hearings/hellc050107.shtml>

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9. Miller Requests FTC Inquiry on Student Loan Marketing

House Education and Labor Committee Chairman George Miller requested an investigation from the Federal Trade Commission into student loan marketing practices this week. Accusing some private lenders of engaging in tactics that “are nothing short of predatory lending,” Miller requested the inquiry from FTC Chairman Deborah Majoras and sent two examples of marketing pieces sent out by two consolidation companies, College Debt Corporation and Education Loan Funding.

In the marketing materials, some companies offering consolidation loans use logos and websites that closely resemble government materials. Additionally, the examples illustrate what Miller describes as threatening language, such as “failure to respond could result in higher monthly payments.”

Sen. Ted Kennedy, chairman of the HELP Committee has also expressed concerns with the marketing tactics of consolidation companies. He recently sent a letter to Secretary Spellings regarding the materials of two specific companies, Federal Family Education Loan Processing Corp, Inc. and FSLs, Inc.

To view Miller's letter and accompanying press release, visit:

http://www.house.gov/apps/list/speech/edlabor_dem/rel050207.html

To view his examples, visit:

<http://edlabor.house.gov/publications/050207StudentLoanDeceptiveOffers.pdf>

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10. Student Loan Task Force to Meet with Negotiators from Student Loans Team

ED announced this week that it will hold a one-day meeting with non-federal negotiators on student loans to discuss proposals abandoned during the last session of negotiated rulemaking. The negotiators will meet with the newly appointed student loan task force to build on the progress that was made over four sessions of negotiated rulemaking. Although a consensus was out of their reach, most negotiators agree that significant progress was made on most issues during negotiated rulemaking. The student loan task force is scheduled to deliver its report to the Secretary by May 31 and is expected to produce proposed regulations by late spring/early summer.

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11. Governor to Investigate Iowa Student Loan Liquidity Corp.

Iowa Gov. Chet Culver began an inquiry into the Iowa Student Loan Liquidity Corp. (ISL) this week, stating he will wait to fill a vacancy on the loan agency's board of directors until "a number of institutional, legal, and policy issues have been satisfactorily addressed." Culver has asked Attorney General Tom Miller to gather information on the non-profit corporation, and a state audit has been initiated.

Steve McCullough, the president of ISL, has strongly defended his company and although he noted that he doesn't "understand where all this is coming from," he pledged the company will fully cooperate with the investigations. In fact, McCullough offered to pay for the state audit in order to speed up the process. The offer was subsequently declined by State Auditor David Vaudt, and the review is expected to be completed by June.

Apparently in response to media reports about New York AG Cuomo's investigations, the Iowa Attorney General's office has begun to review the relationships between ISL

and Iowa schools. In addition to questioning lender and school relationships, the *Des Moines Register* listed the following as questions that Culver has regarding ISL:

- Whether the governor, without any statutory authority, should be appointing members of the Iowa Student Loan board.
- Whether those board members should be paid compensation, particularly if they're state officials.
- Whether the organization should be exempt from Iowa's open records and open meetings laws when it has legal access to and is using 16 percent of Iowa's tax-exempt bonding authority.
- Whether its operations are getting sufficient oversight by state government.
- Whether it's an impermissible conflict of interest for people to serve on both the Iowa Student Loan board and the board of the Iowa College Student Aid Commission, a state agency which has some oversight authority over Iowa Student Loan.

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12. State Student Loan Agencies Reconsider Arrangements with Lenders

In the wake of the controversy surrounding the marketing of student loans, two state loan agencies have decided to alter or terminate agreements with lenders. In New Jersey, the Higher Education Student Assistance Authority (HESAA) ended a deal with Sallie Mae in which the agency promoted the company to New Jersey colleges and universities. In Rhode Island, the Rhode Island Student Loan Authority (RISLA) is reviewing an arrangement with Nelnet in which the company administered the state's College Planning Center.

Both agreements have been in place for some time and have provided RISLA and HESAA with funds that have been reinvested in additional student aid. HESAA received \$3 million from Sallie Mae to promote the benefits and services offered by the company to schools and borrowers to New Jersey colleges, and HESAA officials maintain that there was nothing inappropriate or untoward about the arrangement. However, despite the additional aid offered to New Jersey students through the arrangement, the current landscape in student loans caused HESAA officials to terminate the deal.

"I hate to walk away from this fee, but I just don't feel we need to continue with the arrangements," said E. Michael Angulo, HESAA executive director.

As part of a complex deal involving RISLA's portfolio, the agency agreed to pay Nelnet \$300,000 per year to run the College Planning Center. Although officials lauded the deal at the time for providing an additional \$13 million in student aid for Rhode Island residents, the current controversy in student loans has led them to reconsider.

Rhode Island General Treasurer Frank Caprio, a member of the RISLA board, has called on the agency to terminate their arrangement with Nelnet, calling it a “potential conflict of interest” and referencing the Cuomo investigations in a statement. In response to Caprio’s request, Board Chairman Anthony Santoro will recommend RISLA resume control of the College Planning Center.

“We will put up a wall so there is no confusion. Of course we are worried about the publicity, and we don’t want it to damage what we think is a valuable resource for Rhode Islanders,” said Santoro.

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13. UT-Austin Rated Lenders on “Treats”

The University of Texas’ Office of Student Financial Services (OSFS) kept records of the small gifts offered by lenders to its entire offices. “Treats” and “lender visibility” in the office were also given at least a smattering of consideration in determining lender placement on the school’s preferred lender list, according to documents obtained by the *Daily Texan*, the campus newspaper.

According to the documents, in addition to a host of criteria including loan volume, student customer service, and fee reduction programs, lenders were scored on “OSFS visibility.” “OSFS visibility” was “based on the number of lunches, breakfasts, and extracurricular functions for entire OSFS staff,” and a second chart, under the heading “lender treats,” detailed what lenders offered.

After placing one financial aid director, UT-Austin’s Lawrence Burt, on leave, the entire University of Texas system recently abolished preferred lender lists. However, the *Daily Texan* noted that before the policy change, the Website disclaimer for the preferred lender list read:

“The lenders listed here have been selected based on past experience and qualifications. Neither the University of Texas at Austin nor the Office of Student Financial Services benefit from referring students to any lender.”

To view the *Daily Texan* article, including links to the documents obtained by the campus paper, visit:

<http://media.www.dailytexanonline.com/media/storage/paper410/news/2007/04/30/T opStories/Gifts.Were.Factored.Into.Uts.Ranking.Of.Preferred.Lenders-2887548.shtml>

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14. Campus Progress Questions FAMU Preferred Lender List, Publishes "Guide" for Students on Schools and Lenders

Campus Progress, an affiliate of the Democratic Party-oriented Center for American Progress, highlighted Florida A&M University's (FAMU) listing of preferred lenders on its website. The university had picked two preferred lenders, but instructed students to select a lender based on the first letter of their last name.

The financial aid office website currently says its loan page is under construction and does not contain a reference to a preferred lender list. However, according to Campus Progress, the site did instruct students with a last name beginning with the letters A-K to obtain their loans through Regions Bank while those with last names beginning with L-Z were instructed to obtain their loans through EdAmerica. Additionally, FAMU's name and logos appear on the application page for each of these loans.

FAMU switched from the direct lending program to the FFEL program this year, an action Campus Progress claims should have raised "red flags." FAMU Financial Aid Director Marcia Boyd, who is in her first year with the university, told the organization that the decision to select two lenders was the outgoing financial aid director's, and her office was currently reviewing their list. Boyd also said that the change in leadership in combination with the change in loan programs did not give her office adequate time to make changes to its preferred lender list practice.

Campus Progress is committed to supporting the Direct Loan Program. In addition to their "investigation" and producing a "Crib Sheet on Direct Loans," the group also published "A Guide to Exposing Conflicts of Interests in School Financial Aid Offices" which provides students with a number of pointed questions to ask financial aid offices regarding lenders. The publication also instructs students on how to make public records requests for additional information and offers a mock student government resolution on the relationship between schools and lenders.

To read the "guide," visit: <http://campusprogress.org/common/1522/honest-lending-fair-lending>

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15. Controversial Appointee Selected for Accreditation Panel

This week, the Bush Administration appointed Anne D. Neal, executive director of the American Council of Trustees and Alumni, to the Education Department's panel that reviews accrediting agencies, the National Advisory Committee on Institutional Quality and Integrity (NACIQI). The appointment of Neal has drawn strong disapproval due to Neal's harsh criticism of accreditation.

In efforts to carry out the many recommendations of the Secretary of Education's Commission on the Future of Higher Education and increase the quality of education provided by colleges and universities, accreditation is seen as an important tool. The Department, through the NACIQI panel, has the ability to judge the performance of accreditors. Therefore NACIQI is ED's best tool in shaping college curricula and the other factors that regional accreditors consider in approving colleges and universities.

According to *Inside Higher Ed*, several critics believe the selection of Neal, who worked as an attorney in the Reagan White House and as a top aide to Lynne V. Cheney at the National Endowment for the Humanities under President George H.W. Bush, crosses the line beyond an appropriate political appointment. Neal has criticized accreditation and called for the dissolving of NACIQI or any system of federal recognition of accreditors Neal did acknowledge her previous statements and believes her thoughts and opinions will not interfere with her ability to serve appropriately on the panel.

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16. CBA Launches New Financial Literacy Website

This week, the Consumer Bankers Association (CBA) announced the launch of a new financial literacy Web site to help raise awareness of the various student loan and aid programs and to promote financial literacy among college bound students. The site is part of a public information campaign sponsored by CBA and its launch was announced by CBA President Joe Belew. Designed as a primer on financial aid information and terminology, the new site, www.collegeboundaid.com, does not endorse specific lenders, instead offering an overview of the financial aspects of preparing for college.

“Student borrowers want information delivered to them in the method most convenient to them. The retail banking industry has invested significantly in the technology and human resources needed to bring 24/7 information to a generation raised on it. Proactive outreach such as the CBA site and others are providing a strong collective voice on issues such as financial management and default prevention—a vital first step on the path to seeking aid for higher education,” Belew said.

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17. Sallie Mae Launches Private Loan Program for UK Residents

Sallie Mae UK, a division of Sallie Mae, announced the launch of the Sallie Mae UK Education Loan Program to meet the financial needs of U.K. residents attending participating universities in the United Kingdom and the United States when grants,

bursaries and government loans may not provide a sufficient means to cover the cost of higher education.

"Until now, I have always had to tell students that one of the only opportunities for an education loan depends on their ability to secure a U.S. cosigner," said Anthony Nemecek, Director of the Educational Advisory Services, US-UK Fulbright Commission. "With this new program, U.K. students now have the ability to qualify for a loan based on their own credit or that of a qualified U.K. cosigner."

Sallie Mae UK education loans will allow U.K. students to fund up to the total cost of their education at participating U.K. institutions. Sallie Mae UK is working with U.S. Educational Advisory Services (EAS), US-UK Fulbright Commission to provide U.K. residents interested in studying at colleges and universities in the United States with access to the Sallie Mae UK Education Loan Program. Using grants from the U.S. Government, EAS, which is part of the US-UK Fulbright Commission, provides free, objective information on all aspects of education in the United States.

18. Great Lakes Announces \$50,000 Grant for OCAN

Great Lakes Higher Education Guaranty Corporation (Great Lakes) announced it is expanding its support of the Ohio College Access Network (OCAN) with a \$50,000 grant for the organization's College Success Partnership Retention Initiative. The initiative will ensure that low-income and first generation students across Ohio have not only access to postsecondary education, but also access to resources to help them persist in their programs and achieve their educational goals.

"Thanks to the generous support of Great Lakes, OCAN will be able to award implementation grants to three very strong and worthy community partnerships to bridge the work of college access and higher education," said Mayme Pathhoff, Vice President of OCAN.

19. In the News

"Student Loan Scandal"—NPR's Diane Rehm Show

On May 2, Washington Partners' John Dean discussed the current student loan "scandal" on National Public Radio's "Diane Rehm Show." Joining Dean were Luke Swarthout of US PIRG, Doug Lederman of *Inside Higher Ed*, and a special call-in guest, House Education and Labor Chairman George Miller. Dean and the other guests discussed the current controversy with callers and guest host Susan Page. Offering an overview of the situation, Dean did say there have been some instances of misconduct, but warned against "throwing the baby out with bathwater" in regards to the public-private partnership that is the FFEL program. For more information and to listen to an archived Webcast, visit:

<http://www.wamu.org/programs/dr/07/05/02.php#12756>

“Critics Question Sallie Mae’s Close Ties With Agency That Guarantees Its Loans”

As its title might suggest, this article, appearing today in the online edition of the *Chronicle of Higher Education*, describes several concerns critics have regarding Sallie Mae’s relationship with USA Funds. Sallie Mae is the nation’s largest provider of student loans and USA Funds is the nation’s largest guarantor of federal student loans. However, USA Funds contracts with Sallie Mae for operations support, leaving USA Funds “staffed mostly by Sallie Mae employees,” according to the *Chronicle*. Given the role of the guarantor in the federal loan program, some critics have said the relationship between Sallie Mae and USA Funds presents an inherent conflict of interest. However, aside from a few disgruntled delinquent borrowers, there have not been accusations that this arrangement is harmful to students. (May 4, www.chronicle.com)

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20. About WPLLC

For over 30 years, the principals and staff at WPLLC have specialized in the field of education, making sure the voices of associations and nonprofit organizations are heard—on Capitol Hill and in the media. As a full service government affairs and public relations firm, we work in strong partnership with our clients to position them for the greatest success now and in the future. Working as a team, relationships are structured to maximize the strengths of each client; the client’s mission is our driving force as we help them clarify needs, set goals and craft and implement successful strategies.

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- Association Management
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