



Wednesday, August 06, 2008

## Federal Reserve Leaves Interest Rates Unchanged

Yesterday, the Federal Open Market Committee (FOMC) decided to keep its target for the federal funds rate at 2 percent for the second straight meeting.

According to a brief statement issued by the FOMC, “Inflation has been high, spurred by the earlier increases in the prices of energy and some other commodities, and some indicators of inflation expectations have been elevated. The Committee expects inflation to moderate later this year and next year, but the inflation outlook remains highly uncertain.”

*The Washington Post* reports that in the opinion of many economists, that stance may prevail not only for the rest of this year but well into 2009. It is the view that the Fed doesn't want to cut interest rates further because of concerns about inflation. However, at the same time, the majority of Fed officials don't want to start raising interest rates because the economy is still hobbled by mounting job losses, a prolonged housing slump and a severe credit crisis.

For more information, the FOMC statement, along with a related article from *The Washington Post* is included in the expanded version of today's Daily Briefing.

## Legislation Would Provide Loan Relief for Young Prosecutors and Public Defenders

Before adjourning for the August recess last week, Congress approved legislation introduced by Senator Dick Durbin (D-IL) that would create a student loan repayment program for law school graduates who commit to serve as criminal prosecutors or public defenders. The John R. Justice Prosecutors and Defenders Incentive Act, was included in a Higher Education Act reauthorization bill that passed the Senate and House last week and now awaits signature by the President.

As federal prosecutors are already eligible for loan relief through existing federal programs, the bill would establish a student loan repayment option for state and local prosecutors and state, local and federal public defenders who agree to serve for a minimum of three years. According to the press release issued by Senator Durbin, the proposal is modeled after a student loan repayment program currently available to federal employees and federal prosecutors. Like the federal employee program, attorneys eligible for loan repayment could have up to \$10,000 per year of student loan debt repaid. Loan repayments are capped at a maximum of \$60,000 per individual.

“This legislation will go a long way toward helping prosecutor and public defender offices hire and retain good lawyers,” said Durbin. “With starting salaries in a prosecutor's or public defender's office three to four times smaller than starting salaries in private law firms, mortgage-size student loan debt is a barrier to public

service. When the public sector can no longer attract new professionals or keep experienced ones the federal government has a responsibility to step in. This legislation will help make public service law an affordable option for talented, experienced lawyers who want to work in the criminal justice system.”

The related press release is included in the expanded version of today’s Daily Briefing.

## General News

- *The Chronicle of Higher Education* reports, “Conservatives Claim Some Victories in Democratic Congress's Higher-Education Bill.”
- “What do SAT scores reveal about a student's ability to succeed in college? Not nearly enough, admissions experts here agreed on Tuesday,” reports *The Chronicle of Higher Education*. “At the inaugural conference of the University of Southern California's new Center for Enrollment Research, Policy, and Practice, admissions deans and higher-education researchers said colleges and universities must look beyond standardized tests and embrace a broader understanding of college readiness to promote access amid sweeping demographic changes.”
- An article from *The Wall Street Journal* titled, “Less-Costly Options Make Textbooks More Affordable.”
- An editorial from the *Dallas Morning News* that contends, “Bush should approve higher-ed law.”
- “A month after the president signed into law a bill that sharply expanded veterans’ tuition benefits, Congress has passed another measure with education benefits for student veterans and their families,” reports *The Chronicle of Higher Education*. “The bill, which would reauthorize the Higher Education Act, the major law governing federal student aid, awaits the president’s signature to become law. Among the new benefits it contains are provisions that would make it easier for veterans to re-enroll in college upon returning from active duty, and ease the process of applying for a discharge of a federal student loan in cases of “total and permanent disability.”

## News From Our Members & Colleagues

- Sallie Mae Launches ‘Education Investment Planner’ to Help Families Build a Customized Plan to Pay for College

**These complete stories can be found on the NCHELP Web site in the Daily Briefing section of the NCHELP e-Library at: [db0806.pdf](#).**

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# FEDERAL RESERVE press release



*Release Date: August 5, 2008*

## **For immediate release**

The Federal Open Market Committee decided today to keep its target for the federal funds rate at 2 percent.

Economic activity expanded in the second quarter, partly reflecting growth in consumer spending and exports. However, labor markets have softened further and financial markets remain under considerable stress. Tight credit conditions, the ongoing housing contraction, and elevated energy prices are likely to weigh on economic growth over the next few quarters. Over time, the substantial easing of monetary policy, combined with ongoing measures to foster market liquidity, should help to promote moderate economic growth.

Inflation has been high, spurred by the earlier increases in the prices of energy and some other commodities, and some indicators of inflation expectations have been elevated. The Committee expects inflation to moderate later this year and next year, but the inflation outlook remains highly uncertain.

Although downside risks to growth remain, the upside risks to inflation are also of significant concern to the Committee. The Committee will continue to monitor economic and financial developments and will act as needed to promote sustainable economic growth and price stability.

Voting for the FOMC monetary policy action were: Ben S. Bernanke, Chairman; Timothy F. Geithner, Vice Chairman; Elizabeth A. Duke; Donald L. Kohn; Randall S. Kroszner; Frederic S. Mishkin; Sandra Pianalto; Charles I. Plosser; Gary H. Stern; and Kevin M. Warsh. Voting against was Richard W. Fisher, who preferred an increase in the target for the federal funds rate at this meeting.

washingtonpost.com

## Fed leaves rates alone for second straight meeting

Advertisement

By MARTIN CRUTSINGER  
The Associated Press  
Wednesday, August 6, 2008; 3:32 AM

WASHINGTON -- For a second straight meeting, the Federal Reserve has decided to remain on the sidelines and leave interest rates alone. In the opinion of many economists, that stance may prevail not only for the rest of this year but well into 2009.

The thinking is that the Fed doesn't want to cut interest rates further because of concerns about inflation.

However, at the same time, the majority of Fed officials don't want to start raising interest rates because the economy is still hobbled by mounting job losses, a prolonged housing slump and a severe credit crisis.

The Fed cited both worries about inflation and weak economic activity in the statement it released after Tuesday's meeting explaining its decision to leave its target for the federal funds rate, the interest that banks charge each other, unchanged at 2 percent.

The Fed may not have moved interest rates on Tuesday but it certainly moved Wall Street. Stocks, already soaring, extended their advance, with the [Dow Jones industrial average](#) finishing the day up 331.42 points, or 2.87 percent. It was the biggest one-day gain for the Dow since April 1.

Investors were cheered not only by relief that the central bank did not signal that rate hikes were imminent but also by a continued drop in crude oil prices, which fell as low as \$118 a barrel during the day and are now down \$28 from levels seen on July 11.

The lower oil prices not only help motorists when they fill up \_ gasoline has fallen as well in recent weeks \_ but also help the Fed by relieving inflation pressures.

In a brief statement explaining Tuesday's decision, Fed Chairman Ben Bernanke and his colleagues said the central bank is still concerned about the weak economy and the dangers posed by inflation.

"Although downside risks to growth remain, the upside risks to inflation are also of significant concern to the committee," the Fed said, splitting the difference between the two opposing forces battering the economy.

Analysts said the bottom line message from the statement is that the Fed doesn't plan to make any changes in rates any time soon.

"Unless something really weird happens, I don't see the Fed moving before the November election," said David Wyss, chief economist at Standard & Poor's in New York.

Many economists believe that the overall economy, as measured by the gross domestic product, will post moderate growth of around 2 percent in the current July-September quarter, helped by consumers continuing to spend the rebate checks sent to 130 million households. But activity is expected to plunge significantly in the final three months of this year and early in 2009 as the impact of the rebate checks wears off.

Wyss said he is looking for GDP to actually shrink in both the fourth quarter and the first quarter of next year, fulfilling the standard definition of a recession as back-to-back quarters of negative GDP.

However, Wyss looks for growth to start rebounding next spring as the problems related to housing begin to lessen. It is then that he believes the Fed will start raising interest rates as it turns its attention to making sure a rebounding economy doesn't ignite inflation.

The November presidential election is another reason many economists believe the Fed will prefer to keep rates unchanged at its next two meetings on Sept. 16 and Oct. 28-29.

"The Fed doesn't like to be in the spotlight during the heat of a presidential campaign," said David Jones, chief economist at DMJ Advisors. "I think they will prefer waiting now until they can get a better view of how the economy is unfolding and see if financial markets become less fragile."

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## Congress Passes Durbin Bill Providing Student Loan Relief for Young Prosecutors & Public Defenders

Monday, August 4, 2008

[CHICAGO, IL] – Legislation to create a student loan repayment program for law school graduates who commit to serve as criminal prosecutors or public defenders will soon be signed into law, U.S. Senator Dick Durbin (D-IL) said today. Durbin’s legislation, the John R. Justice Prosecutors and Defenders Incentive Act, was included in a Higher Education Act reauthorization bill which passed the Senate and House by overwhelming margins late last week and is now on its way to the President’s desk.

Durbin’s bill is named for the late John R. Justice, former president of the National District Attorneys Association and a champion of efforts to encourage law school graduates to work in public service. Durbin’s legislation had 40 bipartisan Senate cosponsors, and is considered “the highest priority for criminal prosecutors and defenders.”

With the average law graduate carrying a staggering amount of student loan debt – \$87,906 for those who attended private law schools, and \$57,170 for public schools – Durbin’s bill will establish a student loan repayment option for state and local prosecutors and state, local and federal public defenders who agree to serve for a minimum of three years. Federal prosecutors are already eligible for loan relief through existing federal programs.

“This legislation will go a long way toward helping prosecutor and public defender offices hire and retain good lawyers,” said Durbin. “With starting salaries in a prosecutor’s or public defender’s office 3 to 4 times smaller than starting salaries in private law firms, mortgage-size student loan debt is a barrier to public service. When the public sector can no longer attract new professionals or keep experienced ones the federal government has a responsibility to step in. This legislation will help make public service law an affordable option for talented, experienced lawyers who want to work in the criminal justice system.”

Durbin cited the contrast between the loan burdens carried by today’s law school graduates and the entry-level salaries for prosecutors and public defenders as evidence of the need for relief. More than 80% of law students borrow to pay for their law degree, and the amount borrowed by many students exceeds \$100,000. Many law graduates also carry unpaid debt from their undergraduate studies. At the same time, the median starting salary for state and local prosecutors and public defenders is approximately \$45,000. By comparison, in many private law firms offer starting salaries for attorneys that are over \$160,000.

From an employer's perspective, low salaries and high debt make it extremely difficult to recruit and retain attorneys in prosecutor and public defender offices. In a recent Department of Justice survey, over a third of prosecutors' offices nationwide reported problems with keeping attorneys on staff, and over 60 percent of prosecutors' offices that serve populations of 250,000 or more reported problems with attorney retention. Another recent survey found that over 60 percent of state and local public defender offices reported difficulty in attorney recruitment and retention.

"Student loan repayment for prosecutors will provide an incentive for qualified attorneys to join prosecutors' offices," said Joseph Cassilly, President of the National District Attorneys Association. "The recruitment of qualified attorneys and the retention of experienced and trained prosecutors will ensure that crime victims receive the highest caliber of representation."

"We thank Senator Durbin for ensuring that the hardworking defense lawyers who protect due process in our nation's courtrooms are not forced into higher paying jobs due to school loans," said Carmen Hernandez, President of the National Association of Criminal Defense Lawyers. "The public will benefit tremendously from this bill, which will decrease turnover in prosecutors' and public defenders' offices and improve the handling of criminal cases."

Durbin's proposal is modeled after a student loan repayment program currently available to federal employees and federal prosecutors. Like the federal employee program, attorneys eligible for loan repayment could have up to \$10,000 per year of student loan debt repaid. Loan repayments are capped at a maximum of \$60,000 per individual.

Durbin's legislation is supported by the National District Attorneys Association, the National Association of Prosecutor Coordinators, the National Legal Aid and Defender Association, the National Association of Criminal Defense Lawyers, the American Council of Chief Defenders, the National Juvenile Defender Center, the American Bar Association, the Conference of Chief Judges, and the American Law Deans Association.

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*Today's News*

Wednesday, August 6, 2008

## Conservatives Claim Some Victories in Democratic Congress's Higher-Education Bill

By [KELLY FIELD](#)

Washington

Liberal Democrats may have drafted the Higher Education Act reauthorization bill that cleared Congress last week, but conservative Republicans weren't left out of the process entirely.

Buried in the 1,158-page bill awaiting the president's signature are two provisions long sought by conservative groups. One would require federally financed international-studies programs to "reflect diverse perspectives and a wide range of views." The other would create a new grant program to promote the teaching of traditional American history and Western civilization.

Both additions were requested by Sen. Judd Gregg, Republican of New Hampshire, a member and former chairman of the Senate education committee.

Conservatives have for years been calling for increased federal oversight of foreign-language and area-studies programs that are supported under Title VI of the Higher Education Act.

In 2003, Stanley Kurtz, who was then a research scholar at the Hoover Institution, told a U.S. House of Representatives higher-education subcommittee that such programs "tend to purvey extreme and one-sided criticisms of American foreign policy," and recommended that Congress create a supervisory board to monitor the programs (*The Chronicle*, June 20, 2003). That proposal drew support from Jewish and Israeli advocacy groups, who have complained that the centers are too pro-Arab, and the panel introduced legislation to create such an advisory board later that year.

But higher-education groups and the centers themselves fought the plan, warning that a politically appointed advisory panel might meddle in colleges' curricula. During debate over the measure in 2003, Rep. Chris Van Hollen, a Maryland Democrat, echoed their concerns, saying such a board "could be an intrusion by the federal government into academic freedom."

Since then, the measure has undergone significant changes. The most recent version would do away with the advisory panel and instead require international-studies programs applying for Title VI funds to explain how they "will reflect diverse perspectives and a wide range of views."

Still, conservatives are claiming victory. Mr. Kurtz, who wrote an article in March for the *National Review* expressing concern about Saudi influence on federally supported public-outreach programs, called the provision an "important step."

"For the first time, Congress has gone on record voicing support for the value of intellectual diversity," he wrote in an e-mail message to *The Chronicle*.

But international-studies programs are nervous that the government might use the new requirement to interfere in colleges' curricular decisions.

"I don't know anyone who is against diverse perspectives; it's like motherhood and apple pie," said Miriam A. Kazanjian of the Coalition for International Education. The question, she said, is how the Department of Education will interpret and administer the new requirement, particularly given that Congress also barred the department from dictating colleges' curricula.

### **Teaching 'Traditional' History**

The new grant program, which would provide aid to institutions to establish or strengthen programs to promote "traditional American history," "the history and nature of, and threats to, free institutions," and "the history and achievements of Western civilization" has had an even longer gestation.

The National Association of Scholars first proposed the program six years ago, in an effort to secure federal support for a growing network of centers focusing on traditional American history; Senator Gregg and Rep. Thomas E. Petri, a Republican from Wisconsin, offered bills to create the program in 2003. But the bills languished until last year, when they were attached to the Senate version of the legislation to renew the Higher Education Act.

In a news release, Stephen H. Balch, president of the National Association of Scholars, said passage of the grant program would give the organization's movement to revive the teaching of traditional American history "even greater momentum."

The bill also contains a "sense of Congress" regarding free speech on campus. Inspired by the "academic bill of rights" promoted by the conservative activist David Horowitz, the sense of Congress says that colleges should "facilitate the free and open exchange of ideas" and that "students should not be intimidated, harassed, discouraged from speaking out, or discriminated against," and "should be treated equally and fairly." It also suggests that any sanctions colleges place on students be imposed "objectively and fairly."

In a news release, Senator Gregg took credit for that provision as well.

*More news on the Higher Education Act can be found on The Chronicle's [News Blog](#).*

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*Today's News*

Wednesday, August 6, 2008

# Admissions Experts Call for Broader Definition of College Readiness

By [ERIC HOOVER](#)

Los Angeles

What do SAT scores reveal about a student's ability to succeed in college? Not nearly enough, admissions experts here agreed on Tuesday.

At the inaugural conference of the University of Southern California's new Center for Enrollment Research, Policy, and Practice, admissions deans and higher-education researchers said colleges and universities must look beyond standardized tests and embrace a broader understanding of college readiness to promote access amid sweeping demographic changes.

During a lively discussion, Arlene Wesley Cash, vice president for enrollment management at Spelman College, asked her colleagues to consider how definitions of readiness may vary among different kinds of applicants: a student who has spent 20 years in the work force, a "genius in rural Arkansas" who took honors classes via satellite, and a student of privilege who has been home schooled.

"College readiness is something like good art," Ms. Cash said. "It is hard to define, and everyone will have a different take on it, depending on their perspective. However, I think we can agree that we can agree ... that we know it when we see it."

Systematically evaluating students' nonacademic abilities is often tricky, however. Wayne J. Camara, vice president for research and analysis at the College Board, said more colleges must consider developing reliable measures of noncognitive traits, such as leadership, that correlate with success in college.

Recent research suggests that tools used to evaluate job applicants in the private sector may be useful in admissions. For instance, Mr. Camara said, a "situational judgment inventory"—which presents a typical college scenario and asks respondents what they would and would not do—and a series of multiple-choice biographical questions could help colleges predict first-year grade-point averages as well as nonacademic performances.

"Rather than institutions' continuing to do this subjectively, with good judgment, we need objective measurements," Mr. Camara said.

Michael W. Kirst, an emeritus professor of education and business administration at Stanford University, shared Mr. Camara's view that college readiness is multifaceted—and more complex than

first-year grades. Yet a narrow definition of college readiness as measured by standardized-test scores persists, he said, because of a "detachment" between curricula at high schools and colleges.

For instance, while colleges may value technical reading skills, many high schools may not emphasize the mechanical skills that would prepare students to interpret information used in college courses. "More Beowulf and English literature is not going to get you there," Mr. Kirst said.

On Tuesday, several attendees described the limitations of the SAT. None did so more forcefully than Saul Geiser, a researcher at the Center for Studies in Higher Education at the University of California at Berkeley. Mr. Geiser said that achievement tests are more equitable measures of college readiness than the SAT because they more closely align with—and reinforce—what students learn in high school.

De-emphasizing the SAT, Mr. Geiser said, "could reintroduce a level of rationality to the overheated world of college admissions."

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August 6, 2008

## Less-Costly Options Make Textbooks More Affordable

By **KELLI B. GRANT**

August 6, 2008; Page D6

Filling a book bag with a course-load of college textbooks will weigh not only on a student's shoulders, but on his or her wallet.

On average, college students shelled out \$900 a semester for textbooks, according to a 2005 federal report. In some cases, a single science book can cost \$200.

The situation has led Congress to step in, and on Thursday it passed the Higher Education Opportunity Act. Among its provisions, the bill requires publishers to share pricing information with professors and forces them to unbundle packages of textbooks and supplementary materials so students can buy only items they need. President George W. Bush is expected to sign the bill.

"It's a critical step," said Nicole Allen, textbooks program director at Student Public Interest Research Groups, a consumer advocacy group. "Textbooks really can be the difference between affording higher education and dropping out."

Government intervention isn't the only way cash-strapped students can improve their odds of affording their textbooks. Here are more ways to save:


### Electronic Textbooks

Ditch the heavy hardcover for an electronic book, and save as much as 50%. In May, six of the biggest textbook publishers, including Pearson and McGraw-Hill Education, started [CourseSmart.com](http://www.course-smart.com)<sup>1</sup>, which sells subscriptions to digital copies of textbooks and other course materials. For example, a 180-day subscription to the 12th edition of "Earth Science" costs \$56.67, or 50% less than the print version.

Check with individual publishers -- Cengage Learning and Springer, among others, have their own eTextbook sites -- as well as Web sites such as [CafeScribe.com](http://www.cafe-scribe.com)<sup>2</sup> to compare prices. Also, ask whether your college bookstore sells electronic books. At the University of Dayton, in Ohio, students pay \$41 for electronic access to "Making Sense of Movies," saving 41% off a new \$70 text.

Electronic texts also have downsides, however. Unlike their paper counterparts, they can't be returned. Also, subscriptions limit access to a semester or two, and copyrights typically prevent printing more than a few pages.

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### Price Comparison Sites

You can buy almost anything used online these days, and textbooks are no exception.

To find the best deals, check textbook-specific search engines, such as [Bigwords.com](http://Bigwords.com)<sup>3</sup>, [CheapestTextbooks.com](http://CheapestTextbooks.com)<sup>4</sup> and [Booksprice.com](http://Booksprice.com)<sup>5</sup>.

Hunting for "Ten Essential Texts in the Philosophy of Religion" (regularly \$54.95 new) through CheapestTextbooks turned up listings at eight online retailers. The cheapest: \$4.21 for a used copy at [Half.com](http://Half.com)<sup>6</sup> (plus \$3.49 shipping). Overall, that's a savings of 86%.

### Textbook Rentals

Once finals are over, the first stop most students make is at the bookstore, where they hope to sell their books and recoup some cash. If the store needs the text for the next semester, then they'll be lucky to get 50% of their money back.

Textbook-rental services, such as [Chegg.com](http://Chegg.com)<sup>7</sup>, [BookRenter.com](http://BookRenter.com)<sup>8</sup> and [CampusBookRentals.com](http://CampusBookRentals.com)<sup>9</sup>, offer a lot more certainty. Using these services, students pay as little as a third of a book's price to borrow it for a set period -- usually a semester, said Charles Schmidt, a spokesman for the National Association of College Stores. Chegg.com, for example, mails a copy of "Compact Bedford Introduction to Literature" for \$26.88 a semester, a savings of 59% off the price of the new version.

One warning: Renting isn't always cheaper than buying a used text, Mr. Schmidt said. Many rented texts don't include the supplementary materials such as CDs or workbooks. Also, these services typically require books be kept in good condition. Play fast and loose with a highlighter, and you could end up forking over the full purchase price.

### Subsidized and Open-Source Textbooks

It is even possible to legally download textbooks free, thanks to some new sites and services.

Freeload Press subsidizes the cost of offering dozens of eTextbooks free by selling ad space on its Web site, and on the pages of the books. Its free offerings include "Guide to Business Valuation" (\$30.95 new). Print versions of the textbooks offered on the site run \$19 to \$40, plus shipping.

Project Gutenberg offers more than 25,000 free eBooks and audiobooks for older, out-of-copyright texts, including classics like "Jane Eyre" and "The Iliad." (At Barnes & Noble, you'd pay \$7.95 for each.)

The pitfall to free texts: not much selection. The sites are worth a look, but don't bank on finding all the books on your required-reading list just yet.

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## Editorial: Bush should approve higher-ed law

12:00 AM CDT on Wednesday, August 6, 2008

Back in April, two Texas State University students described to a panel of state legislators how hard they worked to finance their tuition and textbooks. They paid those bills with income from jobs and aid packages, some of which wasn't a dependable source because of bureaucratic red tape.

The young women came from different backgrounds, but their common story summarizes the dilemma many students face. College costs are rising, sometimes for unfathomable reasons. And financial aid can be both in short supply and a nightmare to figure out.

The higher-education law Congress passed last week won't resolve all those problems, but it should ease some of the pressures. For that reason, President Bush should sign the measure.

What's particularly appealing about the plan, which took an annoyingly long five years to craft, is that yearly Pell Grants will increase up to \$9,000 per qualifying student. The federal dollars often are used with other programs, like the TEXAS Grant, to finance an education. Given the nation's need for more college graduates, this is an investment in our economy.

The legislation also takes a stab at making college costs transparent; the Education Department now will publish data about how much colleges spend and where they spend it.

The University of Texas System already requires its schools to identify what happens to money raised through higher tuition rates. Still, many families rightly wonder why they should pay greater rates while college endowments are expanding. This legislation may shine light on that question.

The law also creates a simpler federal financial aid form. One student testifying last spring explained how the process bewildered her and her parents, who had never attended college. There's no reason to let bureaucracy keep qualifying students out of college.

The legislation isn't perfect. College administrators can expect more paperwork as they make their costs transparent.

But Mr. Bush should sign this legislation, which Texas GOP Sens. Kay Bailey Hutchison and John Cornyn back. It meets Mr. Bush's goal of enrolling more students in college and helps taxpayers and families better understand where colleges spend their money.

**August 5, 2008**

## **Good News for Veterans in Higher-Education Bill**

*Washington* — A month after the president signed into law a bill that sharply expanded veterans' tuition benefits, Congress has passed another measure with education benefits for student veterans and their families.

The bill, which would [reauthorize the Higher Education Act](#), the major law governing federal student aid, awaits the president's signature to become law. Among the new benefits it contains are provisions that would make it easier for veterans to re-enroll in college upon returning from active duty, and ease the process of applying for a discharge of a federal student loan in cases of "total and permanent disability."

Under the bill, colleges would be required to readmit veterans at the same academic status in which they left, provided veterans give advance notice of their deployments and are not absent from the institution for more than five years, cumulatively. (Students who failed to provide advance notice could re-enroll after providing proof of service).








It would also allow disabled veterans who receive a permanent total disability rating from the Department of Veterans Affairs to have their loans discharged by the Department of Education without filing additional documentation. Under current law, veterans have to go through a second process to prove that they are "totally and permanently" disabled before they can have a loan discharged.

On top of the tuition benefits in [the new GI bill](#) passed earlier this summer, the higher-education legislation adds another break: It would prohibit a state college from charging active-duty service members stationed in that state and their dependents more than the in-state tuition rate, even if the service member is later transferred to a station outside the state. The bill would also create a grant program to encourage "model programs to support veteran student success in postsecondary education." —*Kelly Field*

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August 05, 2008 10:00 AM Eastern Daylight Time 

## Sallie Mae Launches 'Education Investment Planner' to Help Families Build a Customized Plan to Pay for College

***Free Online Tool Enables Families to Estimate Full Cost of a College Degree, Compare Schools, Determine if Student Loans Are Needed and Project Monthly Payments***

College & University Pressroom

RESTON, Va.--([BUSINESS WIRE](#))--Sallie Mae, the nation's leading saving- and paying-for-college company, today launched a new, free online tool that makes understanding the total cost of college and how to pay for it easier for students, parents, financial aid professionals and guidance counselors. The Education Investment Planner, available at [www.SallieMae.com/plan](http://www.SallieMae.com/plan), enables families to:

- **Estimate the full cost of a college degree:** Find out how much four years for a bachelor's degree, two years for a master's degree, or other programs will cost at a specific school, including the average growth of tuition over time.
- **Build a customized Plan to pay** for college through a combination of their own money, federal and state grants, scholarships and, if necessary, federal and private student loans.
- **Compare schools:** Compare actual costs for approximately 5,500 colleges and universities—not only tuition, but also average room and board expenses, fees, books and supplies.
- **Determine if they need student loans and, if so, estimate what their monthly payments could be** after graduation—and project how much a graduate would need to earn to keep payments manageable.

Sallie Mae developed the Education Investment Planner in response to feedback from customers and higher education policy advocates indicating that families need better ways to assess the cost of college and their choices for footing the bill. New data from a Gallup survey conducted in May and June, commissioned by Sallie Mae, found that 41% of families did not consider students' expected income after graduation on their decision to borrow for college and another 29% said expected income made no difference their borrowing decision. Another study, Sallie Mae's 2007

Survey of Parents of College-Bound Freshmen, indicated that parents want an honest assessment of the total cost of college: 39 percent of all respondents said the most helpful information from the financial aid office was “an honest assessment of total costs over four years,” and 32 percent said “basic information about federal loans, private loans, and payment plans.”

“Sallie Mae offers this free online tool to help families make more informed choices about school selection by understanding upfront how to pay for it without going beyond their means,” said C.E. Andrews, president, Sallie Mae. “So often we think of financial aid in a one-year snapshot. We developed the Education Investment Planner as part of Sallie Mae’s commitment to financial literacy and to helping students and parents understand the full cost of a college degree.”

The Education Investment Planner takes families through a series of questions, prompting users to model various funding sources, including 529 college savings plans, parent and student savings and income, scholarships, federal and state grants, institutional aid and other sources. It helps families follow Sallie Mae’s “1-2-3 approach” to paying for college: first, use free money such as scholarships and grants; second, fully explore federal student loans; and third, fill any remaining gap with private student loans.

“The college search and selection process is one of the most daunting tasks undertaken by high school students and their families, and the Education Investment Planner is a terrific step forward—simple to use and a great confidence booster for families as they explore how to estimate costs and plan into the future,” said Brian Ralph, vice president for enrollment management, Queens University of Charlotte, in North Carolina. “As someone who works with prospective and current students, I know that students who plan well are less likely to struggle financially during their college experience, resulting in higher rates of student success and graduation. This new site will be a great resource to supplement the college planning process.”

Using the Education Investment Planner, families considering student loans can explore various options and estimate monthly repayment amounts, better understand repayment terms and learn what beginning salary is needed to keep payments manageable—before borrowing a penny.

“Now is the right time for families to start thinking about their students’ futures, and having a free planning tool that helps educate families on how to save and pay for college is crucial,” said Tom Burton, immediate past president of the Ohio Middle School Association. “Starting early is the best way to make sure there are no surprises years down the road when it’s time for college.”

Education Investment Planner took more than a year of planning and countless hours in research, programming and testing to develop. Sallie Mae will add more robust features in the future, including savings planning tools and loan repayment scenarios.

**SLM Corporation** (NYSE:[SLM](#)), commonly known as Sallie Mae, is the nation’s leading provider of saving- and paying-for-college programs. The company manages nearly \$172 billion in education loans and serves 10 million student and parent customers. Through its Upromise affiliates, the



company also manages more than \$19 billion in 529 college-savings plans, and is a major, private source of college funding contributions in America with 9 million members and \$425 million in member rewards. Sallie Mae and its subsidiaries offer debt management services as well as business and technical products to a range of business clients, including higher education institutions, student loan guarantors and state and federal agencies. More information is available at [www.salliemae.com](http://www.salliemae.com). SLM Corporation and its subsidiaries are not sponsored by or agencies of the United States of America.

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