



CSLF School Counselor eNews

May 2008

Legislative Update

If you've been watching the news, you probably have heard about the upheaval in the student loan market. Over the past several months, a growing list of lenders have made announcements that they will no longer be providing private education loans, and even more troubling, many lenders are also suspending their participation in the federal student loan program.

This crisis was precipitated by two unrelated events. First, when Congress passed the College Cost Reduction Act, it reduced the amount of subsidies private lenders receive from the federal government for their participation in the Federal Family Education Loan Program (FFELP). The second event, the sub-prime mortgage crisis, has had a devastating impact on all lenders because investors are no longer willing to purchase auction rate securities backed by student loans which had been the primary method of financing student loans. Without these investors, lenders can not raise the capital needed to make loans. The greatly reduced profits margins and the uncertainty in the credit markets have prompted some lenders to stop participating in the student loan program.

The Connecticut Student Loan Foundation has been working hard to continue its mission as a lender and guarantor of student loans. We are processing both federal and private student loans. We are hoping that legislation passed this week, together with other measures currently being considered by Congress and the U.S. Department of Education will assist all student loan participants in meeting the needs of college bound students and their families.

It is our hope that the legislation recently approved by both the House and the Senate (Ensuring Access to Student Loans Act - HR 5715) will assist lenders in obtaining the capital needed to provide student loans. HR 5715 also increases student loan borrowing limits as follows:

Stafford Loan Limits for Dependent Students:

	Maximum Limits
Freshman	\$5,500.00
Sophomore	\$6,500.00
Junior	\$7,500.00
Senior	\$7,500.00

Under HR 5715, additional borrowing limits are only applicable to unsubsidized Stafford loans. A college freshman who qualifies for a subsidized loan would get a \$3,500 subsidized loan and the additional \$2,000 in an unsubsidized loan. HR 5715 also calls for an increase in aggregate borrowing on the unsubsidized loan from \$23,000 to \$31,000 (minus subsidized borrowing).

REMINDER: The Early Birds Get the Best Dates!

Book your college planning or financial aid workshops now! Our calendar is filling up fast.

A View from Admissions

Every year *The Chronicle of Higher Education* conducts a survey of Directors of College Admissions and publishes the survey results in their April edition.

When discussing the anticipated population changes, characterized by a smaller pool of the traditional age college student cohort (18 - 22), combined with a higher percentage of low-income, minority, first generation students, 45% of survey respondents noted that their schools have already developed new recruitment strategies. As one admissions official noted, "Demographics and affordability seem to be on a collision course."

When asked about the importance of college admissions tests, 87% of respondents noted that their colleges required the submission of SAT or ACT scores. About one third of the respondents noted that a student's writing score had little or no impact on admissions decisions, while 50% said they had a "moderate" or "great" influence.

Many college admissions officials (41%) reported an increase in "stealth" applications. These are applications from students who have never contacted the school before sending in an application. Since many admissions officials noted that they review the number of contacts an applicant has had with the college (includes request for a view book, campus visits, calls and/or e-mails) as a way to determine the likelihood that an applicant is interested in attending, stealth applicants tend to be at a disadvantage.

According to this year's survey, the use of merit aid is still considered an important tool to shape an incoming class. Approximately 60% of the survey respondents view merit aid as a positive way to enhance their recruitment efforts.

Attention Golfers!

Join us for the 14th Annual VJM Golf outing on June 23rd at The Farms Country Club in Wallingford. Proceeds from the event go to the VJM Scholarship Fund. For more information visit our website at www.csjf.com

About Connecticut Student Loan Foundation – The Connecticut Student Loan Foundation is a non-profit corporation that administers, guarantees, and finances loans within the Federal Family Education Loan Program (FFELP) and alternative student loan programs. CSLF promotes access to higher education by helping students and their families plan for and pursue a postsecondary education. CSLF has more than 40 years of experience providing assistance to students, parents, and industry partners.

About Invest in your Future – Invest in your Future (IF), CSLF's college planning services division, provides free outreach services regarding college planning and the financial aid process. The IF program is designed to promote college access and awareness, and includes a college planning resources center and library, a toll-free hotline, community presentations, materials distribution, online resources, and much more.