

Stafford Loan Program could be in jeopardy

(CPS) - The apparently imminent collapse of one of the most important players in the system that gets college loan money to students probably won't affect students' ability to get loans this year, various observers say.

"There's no need for real concern," said Dan Goyette, financial aid director at Marquette University in Wisconsin. "We're all feeling secure about the short term."

Goyette, however, added the financial crisis at the Higher Education Assistance Foundation (HEAF), which is the nation's largest guarantor of student loans, has him worried about the "long-term solvency of the Stafford Loan Program."

One campus aid official says HEAF's troubles already have caused some banks, which ultimately lend college money to students under the guaranteed student loan program, to shy away from making new loans.

"We have had some banks that have expressed concern and chosen not to do loans anymore," said Mary Wildeman, a loan clerk at Fort Hays State University in Kansas. "It is a problem for us, but at this point, we're just waiting."

The vast majority of the 4 million students who will take our Stafford Loans to pay for college this year already are assured of getting their money, aid officials note. Any problems that might arise would not affect students, at least until next year.

"Cautiously Optimistic"

The crisis began in July, when HEAF executives told the U.S. Department of Education, which oversees most federal college programs, that HEAF did not have enough cash to reimburse banks when students fail to repay loans.

Campus officials feared that if banks lost confidence they would be reimbursed for defaulted loans, they would simply stop making student loans.

Student loan administrators, however, swear the loan program is in no danger.

"Nobody's going to lose money," said Dallas Martin, head of the national Association of Financial Aid Administrators, headquartered in Washington, D.C. "We feel very comfortable that the program will go through."

"We're cautiously optimistic

that banks won't lose any money," added Fritz Elmendorf of the Consumer Banking Association (CBA), a frequent critic of the Education Department's management of the student loan program.

For now, federal officials are hoping a \$200 million loan from the government-sponsored Student Loan Marketing Association to HEAF will keep the agency, the largest of 55 guarantee agencies in the country, afloat.

When The \$200 Million Runs Out

The loan should carry HEAF into October, said Education Department spokeswoman Etta Fielek.

"We're pleased with this

arrangement because it provides a stable period during which negotiations can continue," Fielek said.

Yet no one is sure what will happen when the \$200 million runs out.

HEAF, a private, non-profit agency based in Overland Park, Kan., has the \$51 billion student loans outstanding nationally.

Exact figures on just how much HEAF owes banks for loans that students haven't repaid aren't available.

Education Undersecretary Ted Sanders did tell the Senate Banking Committee in July 27 that bailing out HEAF would cost about \$100 million.

"Drastitic Cutback On Student Loans"

If the department ultimately has to give HEAF the cash to reimburse banks, students can expect a "drastic cutback on student loans," warned Leo Hattan, outgoing financial aid director at Eastern New Mexico University.

"I think this is probably, on a small scale, another S&L type ripoff," Hattan added, referring to the \$500 billion federal bailout of savings and loan institutions that lost money in part by lending money to people who did not repay them.

HEAF admitted its problems mostly stemmed from making "bad" loans to students at for-profit trade schools.

The Education Department also is considering letting another guarantee agency take over HEAF.

Women find "rugged but cuddly" best

BOSTON (CPS) - In a compilation of answers from women at Elmhurst College in Illinois and at the universities of Georgia and Louisville, three sociologists told an American Psychological Association conference Aug. 13 that campus females think men who look "rugged but also cuddly" are the

most desirable.

"The most attractive male face was intermediate rather than extremely mature or baby-faced," said sociologists Michael Cunningham and Anita Barbee of the University of Louisville and Carolyn Pike of North Carolina State University in a summary of recent research into

what kind of men college women like.

In the studies, women associated features like round faces, thin eyebrows, large eyes and thin noses with "babyishness." They associated features like angular faces, large smiles and visible beard stubble with "maturity."

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