changes for student loans are expected

• colleges are preparing to switch to direct lending from the us department of education.

by sara plummer
world staff writer

big changes may be coming soon to the student loan industry, and those involved are preparing for the adjustments.

the Obama administration’s plan to eliminate Federal Family Education Loan Program, which provides education loans to students and parents, and replace it with a direct loan program that would give borrowers more choices and provide more opportunities to repay. the plan is expected to be announced in the next few weeks.

the us department of education has proposed the direct loan program, which would allow borrowers to make payments directly to the lender, rather than through an intermediary. the plan is expected to save the government $20 billion over the next 10 years, according to the department.

the move is part of the Obama administration’s broader effort to reduce the cost of student loans. the president has made reducing student loan debt a top priority, and the department has already announced changes to the federal student loan program that are expected to save borrowers $30 billion over the next 10 years.

the direct loan program is expected to be controversial, however, as it would eliminate the profit that lenders make from student loans. the department has estimated that the program would reduce the profit lenders make by 1 percent and force them to sell existing student loans to the Federal Student Aid Foundation, which would then issue direct loans.

the proposal has been met with resistance from the banking industry, which has argued that the direct loan program would be too burdensome for borrowers and could lead to higher interest rates.

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 Foundation reaches fundraising goal

by sara plummer
world staff writer

the Tulsa Community Foundation reached its goal of raising $1 million by New Year’s Day to assist 19 area nonprofit agencies.

American Electric Power-Public Service Company of Oklahoma, the George Kaiser Family Foundation and the Tulsa Area United Way have already donated $500,000 each, and the Kaiser Foundation is matching those donations, raising the total to $1,500,000. The money is being raised by individuals and companies through a challenge grant issued by the Tulsa Community Foundation to the nonprofit organizations.

the foundation’s CEO, Laird, recalled getting a letter and $5 donation from a woman who had benefited from the services provided by a few of the nonprofit agencies and just wanted to give something back.

the earlier donations of $500,000 from AEP-PSO, the Kaiser Foundation and the United Way have already been distributed to some of the agencies, and the remaining $500,000 will be distributed soon. “This money will go out next month because the agencies need it right now,” Laird said.

nancy Moore, development director at the Parent Child Center, said that the center can continue assisting clients with basic needs such as food and shelter. “They’re far beyond hard times,” Moore said. “We’re going to be able to help people that we would probably have to turn away.”

this year’s challenge grant was more than double last year’s grant of $425,000 because the need is so much greater at the nonprofit agencies that provide basic services such as food and shelter, Laird said.

agencies “are seeing people they’ve never seen before. They just can’t make ends meet,” he said.

Moore said the needs at the Parent Child Center have gone up fourfold in the last 18 months.

Youth Services Tulsa Executive Director Jon Walker said that with continuing cuts to state funding, it’s getting more difficult each month to COOL RUNNINGS

Local brochure subfreezing temperatures to welcome 2010

by deon j. hampton
world staff writer

Wearing only shorts and shoes, Jack Lakin eagerly plunged into the cold Arkansas River on Friday for the fourth annual Polar Bear Plunge and Arkansas River Scramble at River West Festival Park.

Lakin, who dressed in only a thin trail leading to the west bank of the Arkansas River about noon. “I’ve never jumped into something so cold,” Lakin said shortly after dunking himself three times and racing back to the starting point.

Bear Plunge and Arkansas River Scramble at River West Festival Park, 2010 S. Jackson St.

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Some families take the plunge together. Others are just on hand for support.

From A13

Jason Alexander, 32, of Norman wonders why his niece’s trip to the Tulsa World. "I have the legs for it," he joked. He said his sister Susan Alexander persuaded him to participate, even though she had registered for the event the past two years and then didn’t take part.

Susan Alexander, 34, of Tulsa said she planned to have a good time nonetheless. "I was sick the last two years, but (this time) I wanted to find out how crazy I am," she said.

Wearing a black wig, Deond Hamman, 41, was a first-time plunger who said he and his family woke up "one minute later, "Let’s jump in the water." Although he was two years and daughter got in the river, he said his wife attended "for moral support."

From A13

"The area in which we have a school in demand is the transitional housing program for adults," Waller said. "The money means more kids can get off the street."

From A13

The Red Star Whitaker, executive director of the John 3:16 Mission, said he plans to use the grant funds to expand the agency’s kitchen, cafeteria and day room.

Some of the money will also be used for other mission services, such as faith-based recovery programs. "We’re excited that our programs will get that boost at the beginning of the year," Whitaker said.

Some nonprofit agencies that will benefit from the challenge grant include Catholic Charities, the Community Food Bank of Eastern Oklahoma, Community Health Connection, Emergency Infant Services, Goodwill, the John 3:16 Mission, Neighbor for Neighbor, the Parent Child Center of Tulsa, the Tulsa Day Center for the Homeless and Youth Services of Tulsa.

The grant takes the burden off of fund-raising off the agencies so they can concentrate on providing services, Lakin said. "It’s our responsibility to help provide needs for our citizens," he said. "We sincerely thank the Tulsa community for again doing the right thing and helping each other."

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In 2008, the authority processed 131,532 borrowers with $323.5 million in student loans, compared with the $205.2 million in loans that were originated from July 1, 2008, to June 30, 2009.

The authority processes student loans for the majority of colleges and universities that use the Federal Family Education Loan Program. The only Oklahoma colleges that participate in direct lending, with the U.S. Department of Education, are Oklahoma State University and Tulsa Community College.

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