

Fewer low-income college students will qualify for grants under new proposals, Ellis and others meet

Senator Rodney Ellis was joined by Representatives Hochberg, Hernandez, and Coleman; Houston Independent School District Trustee Paula Harris; University of Houston Downtown (UHD) President Max Castillo; UHD Director of Financial Aid Rob Sheridan; University of Houston System Vice Chancellor for Governmental Relations Grover Campbell; Texas Southern University Executive Director of Financial Aid Albert Tezeno; presumptive Representative-elect Armando Valle; and former Houston City Council Member Carol Alvarado to mark the coming academic year by bringing attention to a proposed recommendation to add new merit components to the TEXAS Grant program. The state legislators and public education leaders were also joined by students from the University of Houston-Downtown and Texas Southern University.

At the press conference today, leaders expressed concern that the new merit components would decrease the number of students receiving grant aid, particularly, first-generation and low-income students attending colleges and universities in the state. Since the inception of the program in 1999, Senator Ellis has advocated fully funding the grant program. Legislators and public education leaders joined him today in that charge.

Senator Ellis stated, "At this crucial time when the state of Texas needs to

focus on closing the gap in educational achievement, these recommendations could widen the gap--creating less opportunities for folks to build better lives for themselves and their families," Senator Ellis stated. "The last thing this state should be doing is creating less educated Texans to compete in the global marketplace."

According to numbers released by the University of Houston, the proposal could reduce the number of the university's TEXAS Grant recipients by almost 20%. At Prairie View A & M University, the projected number was as high as 27%.

There are currently 90,000 eligible students for TEXAS Grants who will not be served in 2009 due to inadequate funding. The Texas Higher Education Coordinating Board needs to advocate for the Legislature to address the true problem: a lack of funding," said Representative Coleman. "Making it harder for low income, first generation students, and students of color to qualify for a grant is not the solution."

Senator Ellis called for hearings on the issue around the state and presented a letter asking the Texas Higher Education Coordinating Board (THECB) to further analyze the recommendation.

The recommendation was transmitted to the Office of the Governor and the Legislative Budget Board in a study on restructuring financial aid last month. The study, which required that the THECB examine six financial aid



Rodney Ellis

strategies, was mandated by Senate Bill 1, last session's appropriation's bill, Section 49. In consultation with the Office of the Governor, the THECB added additional topics, including adding new merit components to the TEXAS Grant program.

In the 2007 fiscal year, the TEXAS Grant program awarded 52,585 students \$175,030,246 in grant aid. That accounts for only about half of the students who were eligible to receive the award. According to the THECB Report on Student Financial Aid in Texas Higher Education for Fiscal Year 2007, with constant funding, the program will face a \$246,376,031 shortfall, leaving 66,262 students unable to enter the program in 2010.

The report transmitted by the THECB can be found on the Coordinating Board's website at <http://www.theccb.state.tx.us/reports/pdf/1563.pdf>.

Who is Sarah Palin?

Who is Sarah Palin? Here's some basic background:

She was elected Alaska's governor a little over a year and a half ago. Her previous office was mayor of Wasilla, a small town outside Anchorage. She has no foreign policy experience.1

Palin is strongly anti-choice, opposing abortion even in the case of rape or incest.2

She supported right-wing extremist Pat Buchanan for president in 2000.3

Palin thinks creationism should be taught in public schools.4

She doesn't think humans are the cause of climate change.5

She's solidly in line with John McCain's "Big Oil first" energy policy. She's pushed hard for more oil drilling and says renewables won't be ready for years. She also sued the Bush administration for listing polar bears as an endangered species--she was worried it would interfere with more oil drilling in Alaska.6

How closely did John McCain vet this choice? He met Sarah Palin once at a meeting. They spoke a second time, last Sunday, when he called her about being vice-president. Then he offered her the position.7

This is information the American people need to see. Please take a moment to forward this email to your friends and family.

We also asked Alaska MoveOn members what the rest of us should know about their governor. The response was striking. Here's a sample:

She is really just a mayor from a small town outside Anchorage who has been a governor for only 1.5 years, and has ZERO national and international experience. I shudder to think that she could be the person taking that 3AM call on the White House hotline, and the one who could potentially be charged with leading the US in the volatile international scene that exists today. -Rose M., Fairbanks, AK

She is VERY, VERY conservative, and far from perfect. She's a hunter and fisherwoman, but votes against the environment again and again. She ran on ethics reform, but is currently under investigation for several charges involving hiring and firing of state officials. She has NO experience beyond Alaska. -Christine B., Denali Park, AK

As an Alaskan and a feminist, I am beyond words at this announcement. Palin is not a feminist, and she is not the reformer she claims to be. -Karen L., Anchorage, AK

Alaskans, collectively, are just as stunned as the rest of the nation. She is doing well running our State, but is totally inexperienced on the national level, and very much unequipped to run the nation, if it came to that. She is as far right as one can get, which has already been communicated on the news. In our office of thirty employees (dems, republicans, and nonpartisans), not one person feels she is ready for the V.P. position. -Sherry C., Anchorage, AK

She's vehemently anti-choice and doesn't care about protecting our natural resources, even though she has worked as a fisherman. McCain chose her to pick up the Hillary voters, but Palin is no Hillary. -Marina L., Juneau, AK

I think she's far too inexperienced to be in this position. I'm all for a woman in the White House, but not one who hasn't done anything to deserve it. There are far many other women who have worked their way up and have much more experience that would have been better choices. This is a patronizing decision on John McCain's part--and insulting to females everywhere that he would assume he'll get our vote by putting "A Woman" in that position. -Jennifer M., Anchorage, AK

So Governor Palin is a staunch anti-choice religious conservative. She's a global warming denier who shares John McCain's commitment to Big Oil. And she's dramatically inexperienced.

In picking Sarah Palin, John McCain has made the religious right very happy. And he's made a very dangerous decision for our country.

In the next few days, many Americans will be wondering what McCain's vice-presidential choice means. -Ilyse, Noah, Justin, Karin and the rest of the team

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7 of 10 things your bank won't tell you

Do you assume that your bank serves your best interests? That a big bank's products are better? That your online account information is accurate? Don't believe any of it.

1. "Our branches are there to sell you, not serve you."

In the late 1990s, bank branches were considered outmoded relics soon to be replaced by ATMs and Internet banking. But just the opposite happened. In 1998, there were 89,000 bank branches in the U.S., and by 2007, there were 97,000.

Why? The industry realized that consumer banking is profitable and that despite the predictions of Silicon Valley wonks, the main criterion consumers use in choosing a bank is proximity, SNL Financial analyst Jennifer Payne says.

But branches aren't just about convenience; they're a bank's primary sales floor. Brochures for services as varied as retirement accounts and home loans are on display, and everyone from the teller on up is trained to make a sale. That's because in the current low-interest-rate climate, it's harder to generate revenue from interest alone.

Many players in the industry have been trying to boost fee- and service-based income, so if a teller sees you have a mortgage, he might suggest you meet with a loan officer to discuss a home-equity loan. Greg McBride, a senior financial analyst at Bankrate.com, says, "The more products a customer has with a bank, the more likely he is to stay with that bank."

2. "Our fees will only go up."

With the economy slowing and big losses looming in the mortgage market, banks are looking for reliable revenue streams. Hence punitive fees -- for overdrawing your account, say, or using a competitor's ATM -- are increasing. The average ATM service charge doubled between 1998 and 2007, and overdraft fees brought in \$17.5 billion in revenue in 2006, up from \$10.3 billion in 2004, according to the Center for Responsible Lending.

Rubeca Hegarty, a married mother of three in Woodridge, Ill., says she often pays upward of \$100 a month in overdraft fees to JPMorgan Chase because, like most banks, it changes the order of purchases so that large debts get paid first, increasing the likelihood that customers will incur fees on smaller purchases. Chase says it does this because big payments like a mortgage are more important to consumers and so get priority.

Revenue from penalties can be addictive for banks. Harvard Business School professor Gail McGovern says, but "they're going to face problems from angry customers, which leads to big call-center bills, employee dissatisfaction and turnover."

3. "We change our interest rates all the time."

Regardless of what your credit card agreement says, you can never be sure how much interest banks will charge you. For example, nearly all cards have a default rate -- as high as 30% -- which banks apply when you've done something wrong, usually after two late payments in 12 months. But some banks have cut that to one late

payment, says Curtis Arnold, the founder of CardRatings.com.

Banks can also change the terms of your agreement, raising rates when they like (though you can opt out and pay off the balance at the old rate as long as you never use the card again). Bank of America did that recently, upping many cardholders' rates from 10% or 12% to 27% or more, even though they'd done nothing wrong.

Everyone needs an emergency fund

It's a stash of cash, but how much do you need? And why should this take priority over other savings goals? "There's no clarity on what criteria can lead a bank to raise interest rates," says Robert Manning, the director of the Center for Consumer Financial Services at the Rochester Institute of Technology. "It's a black box."

A Bank of America representative says the company periodically reviews the credit risk of its accounts and adjusts rates accordingly, adding that in the past year 94% have had no increase. Credit card purchases aren't much better. Visa and MasterCard charge 1% of the purchase price for converting currency. And the issuing banks may take another cut, which can bring the total to 3% of your purchase price, says CardRatings.com's Arnold. "If people don't travel overseas very often, they just don't think about it," he says.

The best thing to do is determine which of your cards charges the lowest overseas-transaction fee. For people who travel a lot, Arnold recommends a Capital One credit card, which charges no overseas-transaction fees (and even declines to pass on Visa and MasterCard's 1% fee to customers).

4. "College campuses are gold mines for us."

Students are the customers of the future, and banks are increasingly courting them, sometimes right on campus. More than 120 universities have cut deals with banks to issue student ID cards that are also ATM and check cards. Schools can make millions from these deals, sometimes even taking a small cut of individual purchases.

Students are also a hot market for credit card issuers, and banks will make private deals with alumni associations to get contact information for students, parents and even people buying tickets to university athletic events. Card companies cut deals to set up booths on campus, and Chase even inked a deal with Facebook to display ads and set up a Chase group on its Web site.

The problem? Mounting credit card debt among college kids, for one.

"Universities don't negotiate on behalf of students," Manning says. "They're negotiating the best deal for the university."

A representative for the National Association of Independent Colleges and Universities says not to blame schools, as banks would market to students anyway, and universities at least try to get the best rates they can for students.

5. "In debt? The courts won't help."

Since the late 1990s, banks have been including mandatory arbitration agreements in their

contracts for many of their products, including auto loans, checking accounts, home-equity loans and credit cards. Such agreements prohibit you from suing and instead require you to use an arbitrator -- someone picked by the arbitration firm named in your card contract to hear the dispute and decide the outcome.

Though these clauses were originally designed to thwart class-action suits, the banks have also been using them for debt collection, says Paul Bland, an attorney with consumer-advocacy group Public Justice. There are even times when consumers, often victims of identity theft and unaware of the debt, aren't present when awards are handed down against them.

A recent suit against an arbitration firm brought by the San Francisco city attorney noted that arbitrators ruled in favor of banks in 100% of the 1,045 California cases brought against consumers from January 2003 through March 2007.

"From the consumer perspective, it's a nightmare," Bland says. If a bank brings arbitration against you, hire a lawyer and request a hearing in person.

6. "We're excited about your trip to Europe, too!"

It's bad enough that the dollar is hovering near historical lows against most major currencies, but when you travel overseas, every transaction comes with big fees attached. Take out cash from an ATM in London, and you'll get hit with a foreign-transaction fee, plus a fee for using a competitor's ATM. All told, it can cost up to \$7 just to withdraw \$200.

Also, ask your bank about partnerships with foreign banks. Bank of America, for example, partners with Barclays Bank, saving its customers \$5 per withdrawal from Barclays' ATMs in the United Kingdom.

7. "For all the fine print, we don't disclose very much."

Bank documents come loaded with small type detailing terms and conditions. But good luck finding out exactly what you're signing up for when you open an account.

Last year, the Government Accountability Office sent investigators to see how well banks explained their fees and other conditions to potential customers. Though banks are required by law to make this information available, the GAO said one-third of the branches it surveyed didn't provide the required information. Worse, more than half didn't have any fee information on their Web sites.

Nessa Feddis, a senior counsel at the American Bankers Association, questions the report's methods -- banks failed the test if investigators waited more than 10 minutes for the information -- and defends the lack of data online. Banks are afraid of leaving old, inaccurate information on their sites if terms change, she says. But without details on fees, consumers can't make informed choices.

"Banks are not complying with the law," says Ed Mierzwinski, the consumer program director with the U.S. Public Interest Research Group. "People need more information so they can shop around for the best deal."

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from column 3

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