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Statement of **America's Student Loan Providers**  
Regarding

U.S. Senate Committee on Health, Education, Labor and Pensions Hearing on  
"Providing Quality Postsecondary Education: Access and Accountability"

**America's Student Loan Providers** (ASLP) commends Chairman Michael Enzi (R-WY) and the other members of the U.S. Senate Committee on Health, Education, Labor and Pensions for holding today's hearing.

Our 80 members, which include private education and financial firms and non-profit organizations around the nation, have played a vital role in making higher education a reality for millions of Americans. In 2004 alone, our members and other lenders participating in the Federal Family Education Loan Program (FFELP) helped more than 5.4 million students and families meet their college expenses so they too could pursue the American Dream. Since 1965, the program has helped make this dream of a college education a reality for more than 50 million students.

The efficiency and effectiveness with which private student-loan providers serve schools and students also help increase access to higher education. The driving force? The intense competition among private student-loan providers for the right to lend to students. Choice and competition are the hallmarks of this program, wisely created forty years ago by Congress and maintained ever since.

Drawing on private sector innovations in technology and business processes, we leverage private financial markets and employ increasingly simplified and electronic processes in serving schools, students and parents. Because of our efficiency and productivity, ASLP members are able to offer students lower cost loans, which may include fee reductions and lower interest rates for on-time payment. Private loan providers offer schools superior level of service and a wider range of services, freeing up their resources to be available for institutional aid and other educational purposes.

Many of ASLP members go well beyond the call of duty and invest significant amounts of time, energy and resources into programs to increase access. A prime example is represented at today's hearing by Phillip F. Van Horn, Chairman of the Board and President of ASLP member Wyoming Student Loan Corporation, who said:

"[O]ur mission is not limited to today's college students or those high school juniors and seniors who already know they are college bound. Equally important, if not more so, is the imperative to instill in the minds of elementary students and their parents the absolute necessity for post-high school education and training so that as many young people as possible have both the vision and the belief that college is, indeed, accessible and affordable."

(more)

ASLP members work with students, parents, schools, community organizations, and state and local governments to help ensure access to postsecondary education for families of all income levels, regardless of economic conditions, prevailing interest rates or tuition costs. We provide information and training about college preparation and financial planning, promote access through specialized services aimed at increasing opportunities for minority and low-income students, and partner with federal, state and local organizations to increase outreach services. All of these services are provided at no charge as part of our public service mission.

Here is a sample of those programs:

- Scholarships, payment of upfront loan fees, reduced interest rates, subsidized alternative loans, and loan forgiveness
- Workshops and presentations at college fairs and financial aid nights hosted by secondary schools, colleges, churches or civic organizations – including community-based organizations that serve minority and disadvantaged populations
- Classroom workshops, booklets, Web sites and CD-ROMs aimed at students from elementary school to secondary school – particularly in districts with low college placement rates, high poverty rates and high dropout rates – to promote early college awareness and financial planning
- Special programs for first-generation college-bound students
- Publications and Web sites – in multiple languages – about college awareness, the financial aid process, debt management, and financial literacy publications, including student loans, scholarships, family budgets and financial planning
- Telephone hotlines, online chat forums, videos and workshops that explain how parents and students apply for and receive financial aid
- Financial and administrative support for Federal TRIO and GEAR UP programs that provide onsite seminars to encourage and inform at-risk students about college opportunities and financial aid

America's Student Loan Providers looks forward to working with Congress on developing new ways to increase access to higher education. Colleges and universities are experiencing the same profound level of demographic change as the nation as a whole. Most of the growth in higher education populations in the last decade was supplied by minorities. Today, women are now a significant majority of the students in college. The effects of these changes are now coming to bear upon our higher education system. It is essential that the nation's financial aid programs be prepared to deal with the students and needs of the 21st Century.

America's Student Loan Providers represents more than 80 education and financial firms and organizations that provide federally guaranteed student loans through the Federal Family Education Loan Program (FFELP), a public-private partnership of schools, students, loan providers, loan guarantors, and the federal government. By leveraging private financial markets and competing for the right to lend to students, the FFELP brings value to students, schools, and taxpayers. Students benefit through lower interest rates, and simplified loan application and approval processes. More than 500 schools have switched to the FFELP since 1998 because it allows them to choose the lender that best meets the financial needs of their students. More information is available at [www.studentloanfacts.org](http://www.studentloanfacts.org).

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