

AMERICA'S STUDENT LOAN PROVIDERS

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STATEMENT ON ED & LABOR COMMITTEE APPROVAL OF STUDENT LOAN BILL

WASHINGTON (July 21, 2009) – Kevin Bruns, executive director of America’s Student Loan Providers, issued the following statement in response to the approval today of The Student Aid and Fiscal Responsibility Act by the U.S. House Committee on Education and Labor:

“The Committee on Education and Labor is to be commended for increasing Pell Grant funding and for recognizing the important contributions made by the nation’s community colleges. We strongly disagree, however, with the direction it would set for student loans.

“The student loan program changes approved today are not only misguided, but also inconsistent with the broad-based support in Congress for consumer choice and competition.

“By having the government take over all federal student loan originations, it would involve one of the largest expansions of a government program in recent memory. It would dismantle a system that has successfully served generations of Americans. Within a decade the Federal Direct Loan Program would be a trillion dollar operation, making it one of the biggest banks in the world. It would ultimately have responsibility for tens of millions of borrowers.

“It’s a fair question for the Congress and the American people to ask: Is the Administration biting off more than it could chew?

“Additionally, the bill’s student loan changes are anti-consumer. How else to describe a proposal that would eliminate consumer choice, competition, and effective default prevention programs?

“The bill is also inconsistent with other congressional and Administration efforts to create a new health care system based on consumer choice and competition. In fact, competition between private and public options in federal student loans, as well as between lenders, has over the years created enormous borrower benefits in the form of superior service, innovation, and lower cost loans.

“Finally, the bill would create significant transition risks and costs for several thousand schools and the students they serve. Approximately 4,000 institutions will be forced to switch programs.

“Notwithstanding our disappointment with the bill, its approval is just the first step in a lengthy legislative process. Broad support in Congress exists for student loan reform that preserves consumer choice, focuses on default prevention, and minimizes job losses. The Student Loan Community Proposal is such a reform.

We look forward to working with Congress to pass a reform that is in the best interests of students, schools and taxpayers.”

[America's Student Loan Providers](http://www.aslp.us) represents the nation's leading private, nonprofit and state-based education and financial organizations that provide federally guaranteed student loans through the Federal Family Education Loan Program. By leveraging private financial markets and competing for the right to lend to students, ASLP members offer low-cost loans and superior levels of service to millions of students and most of the 4,400 postsecondary institutions that participate in FFELP. More information is available at www.aslp.us or call 202.721.1190.

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