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## **Georgia Student Loan Providers Join Coalition in Offering Alternative Student Loan Proposal**

*Option Preserves Consumer Choice, Taxpayer Savings and Jobs*

ATLANTA, G.A. - The Georgia Student Finance Authority (GSFA) and the Georgia Higher Education Assistance Corporation (GHEAC) joined a diverse coalition of lenders, guaranty agencies, secondary markets, and servicers representing all sectors of the student loan community on Tuesday, July 7 to propose an alternative to President Obama's student loan plan to revamp the federal student loan system. Instead of moving to a 100 percent direct lending system administered by the federal government as proposed in the Obama Administration's plan, the Student Loan Community Proposal would allow non-profit and private lenders to continue participating in the student loan market.

Like the President's proposal, the Student Loan Community Proposal would achieve the same level of taxpayer savings for student financial aid, while also preserving consumer choice, borrower default-prevention programs, and jobs here in Georgia. Additionally, the proposal endorses the core principles of the Administration's reform effort -- using federal funds to guarantee the stability of student loan financing, eliminating subsidies to private lenders, and generating historic savings for student financial aid -- while maintaining choice, competition, superior service for students and schools and preserving Georgia jobs.

The proposal meets these goals without the significant transition risk assumed by 4,500 schools that comes from the Administration's planned government takeover of more than \$60 billion in private-sector-originated student loans in less than six months. It guarantees taxpayer savings will be available to deliver on the Administration's proposal to expand the Pell Grant program by establishing a fee-for-service system for loan originations, servicing, and collections to be performed by student loan service providers of a student's or school's choice.

This Student Loan Community Proposal would achieve the following in Georgia:

- Allow schools to maintain the ability to choose not-for-profit and state-based agencies to provide originations or servicing;
- Permit current originators to continue to provide origination services if schools or students choose them, eliminating the massive transition risk that comes from requiring thousands of schools to immediately change programs;
- Incorporate "risk sharing" incentives on loan servicing, generating further savings and significantly reducing defaults;
- Expand default prevention assistance, counseling, financial literacy, and advocacy programs from guaranty agencies to all students and families; and,
- Preserve jobs that comprise the existing student lending infrastructure.

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“The consensus plan presents the best solution for students and families in Georgia, allowing them to stay with their current student loan provider and eliminating the massive transition risk that comes with forcing schools to immediately change course,” said Timothy A. Connell, president of Georgia Student Finance Authority.

The initial list of signatories to the plan includes: Citizens Bank, Brazos Higher Education Service Corporation, Ed Financial Services, Educational Credit Management Corporation, Edsouth, Finance Authority of Maine, Florida Department of Education – OSFA, Illinois Designated Account Purchase Program, Illinois Student Assistance Commission, Kentucky Higher Education Assistance Authority, Kentucky Higher Education Student Loan Corporation, Missouri Department of Higher Education, Missouri Higher Education Loan Authority, National Student Loan Program, Nelnet, New Mexico Student Loans, New York State Higher Education Services Corporation, NHHEAF Network, North Carolina State Education Assistance Authority, Northwest Education Loan Association, PNC Bank, Rhode Island Higher Education Assistance Authority, Sallie Mae, Student Loan Guarantee Foundation of Arkansas, SunTrust Banks, Inc., Tennessee Student Assistance Commission, The Student Loan Corporation, USA Funds, Utah Higher Education Assistance Authority, Wyoming Student Loan Corporation.

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