

COMMON GROUND: KEEPING THE FEDERAL STUDENT LOAN PROGRAM ON SURE FOOTING AND MAKING COLLEGE MORE AFFORDABLE

When it comes to reforming the federal student loan programs and making college more affordable, there is substantial common ground with the President's call for reform:

	AGREE	DISAGREE
The student loan program must be reformed and there is need for a significant increase in Pell Grants.	✓	
Lender subsidies should be eliminated in favor of a fee-for-service model, which is the current structure used with the private contractors in the Direct Loan Program.	✓	
Credit markets are still not functioning in a way that private sources can fund the nearly \$100 billion in student loans that your students rely on.	✓	
The government can borrow money cheaper than any other entity in the world.	✓	
Federal student loans should be funded by the government. The highly successful Ensuring Continued Access to Student Loans Act (ECASLA) proves that federal funding works for institutions and your students.	✓	
The Department of Education ownership of all new federal student loans generates significant budget savings (really, profit) to fund Pell Grants.	✓	
There should no longer be different sets of loan terms depending on what college you attend. There should be one set of loan terms, and they should be the same terms as currently exist in the Direct Loan Program.	✓	
Fees paid to administer the federal loan program should be set at competitive market rates.	✓	
The private sector brings expertise that cannot be matched by the federal government, which is why the Department of Education currently contracts with private sector companies to originate, service, and collect loans.	✓	
Private sector competition drives innovation, responsiveness, and lowers default rates.	✓	
Some in Congress support eliminating the ability for schools to pick their service providers in favor of having the Department of Education determine that on behalf of schools.		✓

With so much common ground, school voices can make a difference in paving a path forward that will maintain choice and competition in loan origination and servicing; avoid the massive risk of requiring thousands of schools to make the switch to Direct Loans in a few short months; and ensure that innovation, customer focus, and value-added in loan origination will continue, and that thousands of jobs across the country will be preserved.

For more information visit SallieMae.com/StraightTalk.