

Congress of the United States

Washington, DC 20515

August 1, 2008

The Honorable Margaret Spellings
Secretary of Education
U.S. Department of Education
400 Maryland Ave., SW
Washington, DC 20202

Dear Secretary Spellings:

We are writing to express our appreciation for the efforts of the Departments of Treasury and Education in implementing H.R. 5715, the *Ensuring the Availability of Student Loans Act of 2008*. We know that you have led the effort to tap the experience of both agencies to implement this innovative piece of legislation in a very short amount of time. We have sent a similar letter to Secretary Paulson expressing our appreciation for the role played by the Department of Treasury in helping to get the loan purchase programs up and running.

While we are pleased with the efforts put forth on implementing H.R. 5715, we would encourage you to continue to work as quickly as possible to ensure that the Department of Education is prepared by the middle of August, at the very latest, to purchase loans. We are concerned that if plans are delayed and the program is not fully implemented until the end of August it will be increasingly difficult to ensure that transactions occur in a way that provides the liquidity needed for lenders to get money to students and parents.

We also encourage you to make every effort to reduce the amount of time it will take the Department of Education to get funding to lenders once the loans are sold. Your advisors are estimating that this transaction would take approximately 7 to 10 days currently. We hope that this time frame will shrink as the processes are up and running. Finally, we encourage you to utilize authority provided in H.R. 5715 and work with lenders to find cost-neutral ways to allow them to maintain arrangements with their servicers for loans sold to the Department.

We also believe more could be done to ensure that the Federal Family Education Loan program remains a viable loan program for students. We continue to hear from constituents that the plans announced by the federal government will not provide the assistance necessary to ensure that lenders remain in the student loan programs. Many of the lenders we are hearing from are non-profit state agencies who were damaged by the failure of the auction-rate securities market and are not able to obtain the capital necessary to make loans and serve the citizens of their states.

To date, we have seen approximately 120 lenders exit or suspend participation in at least some parts of the student loan programs. Of that number, approximately 96 lenders, 14 of which are non-profit state agencies, have ceased participation in all aspects of the student loan programs. These account for almost a quarter of the top 100 lenders that participate in the student loan programs.

We respectfully request that you continue your cooperative working arrangement with the Department of Treasury in order to address the residual problems facing the loan programs in order to ensure that numerous student loan options are available for students and parents with no shortage of student loan funds for this year and beyond.

Thank you for your efforts thus far and we look forward to working with you on longer-term solutions to ensure that every American student who wants to obtain a postsecondary education can afford to do so.

Sincerely,



Howard P. "Buck" McKeon
Senior Republican
Committee on Education & Labor



Michael B. Enzi
Ranking Member
Committee on Health, Education, Labor, and
Pensions



Ric Keller
Senior Republican
Subcommittee on Higher Education,
Lifelong Learning, and Competitiveness



Lamar Alexander
Ranking Member
Subcommittee on Children and Families
Committee on Health, Education, Labor and
Pensions