Prepared Statement of

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Committee on Appropriations

Chairman Feese, Chairman Evans and Members of the Committee, I am June McCormack, Executive Vice President at Sallie Mae. On behalf of Sallie Mae's 10,000 employees, particularly my 700 colleagues who live and work in Northeastern Pennsylvania at our Wilkes-Barre Loan Servicing Center, thank you for the opportunity to testify today about Sallie Mae's proposed partnership with the Pennsylvania Higher Education Assistance Authority, known to everyone as PHEAA.

I am here today, not only as the senior executive at Sallie Mae with responsibility for our loan servicing center in Pennsylvania, but as someone who was part of an organization - - the USA Group - - that was approached five years ago by Sallie Mae with a partnership proposal similar to the one Sallie Mae has proposed to PHEAA. While I can certainly identify with the anxiety that some feel about changing the way that PHEAA does business, I can attest to the fact that the collaboration between Sallie Mae and USA Group, has left us our organizations stronger competitively and positioned both organizations far better to meet the future needs of students, schools and taxpayers.

In my testimony, I will provide the Committee with some background on the student loan program, provide detail on Sallie Mae's proposal, and explain how our proposal would unlock the value that today is trapped inside of PHEAA and, more importantly, enhance that value as well. I will also share with you Sallie Mae's success with our partners and how these partnerships have created lasting value for students, schools and taxpayers.
I am pleased that you will have the opportunity to hear from some of the beneficiaries of our partnerships on the next panel.

The Federally Guaranteed Student Loan Program

In 1965, the Congress created one of the most successful federal programs in our nation's history – the federal student loan program. For 40 years, this unique public private partnership has made the dream of college a reality for more than 50 million students and their families.

Today, the guaranteed student loan program - - the Federal Family Education Loan Program (FFELP) - - represents the largest federal source financial aid to students seeking postsecondary education. Today's interest rate for undergraduate borrowers under this program is at an all time low of 3.37%. The size of the FFELP market has nearly doubled nationally over the last 10 years with student loan originations growing from $23 billion in fiscal year 1994 to $45 billion in fiscal year 2004. Federal student borrowing in Pennsylvania represents $3.3 billion of that total. PHEAA and its lenders controlled $2.6 billion, or 78% of FFELP market in Pennsylvania.

The federal government's competing student loan program totaled $14 billion nationally in fiscal 2004 but very little of that was in Pennsylvania. Only 2% of all federal student loans in Pennsylvania were made by the federal direct student loan program (less than $80 million).

Competition in the student loan business is generally driven by banks and other lenders' attempts to gain access to schools' "preferred lender lists," which are presented to students and their parents when they are ready to arrange financing for college. By using preferred lender lists, schools effectively function as gatekeepers to student loan providers. While most FFELP terms are set by federal statute, lenders differentiate themselves in several ways, including loan pricing (origination fee discounts and/or rewards for repayment behavior), loan delivery technology and service quality, and ancillary products and services, including non-guaranteed private loans that are often needed to supplement FFELP loans.

Schools, lenders, guaranty agencies (which serve as the first line insurer on behalf of the federal government), secondary markets, loan servicers and the U.S. Department of Education (ED) work together as part of the FFELP financing cycle. *Guaranty agencies* (which can be state agencies or non-profits) provide insurance to *lenders* against FFELP defaults. The guaranty agencies are, in turn, reinsured by ED. Both the lenders and the guaranty agencies retain some financial risk which serves as an incentive to avert defaults.

The level of sophistication required to deliver guarantor services (including loan origination, default prevention and collections) has risen dramatically over the last 10 years. Federal funds that are allocated to guarantors have declined, while school and borrower demand for better products and services has increased substantially. In response to the increased costs associated with the maintenance and development of guarantor servicing systems, more than half of all guarantors have chosen to contract their systems work, and, in many cases, their "back room" operations as well. Significant economies of scale can be achieved through such arrangements.

Secondary markets provide liquidity to the student loan market through the purchase of student loans from other lenders. Some secondary markets (such as PHEAA) have decided to become lenders. In addition, some secondary markets, including PHEAA, have the ability to issue tax-exempt bonds, which can provide extra income to fund substantial borrower benefits (through discounts or rebates). In 1996, Congress authorized non-profit secondary markets to convert to for-profit status and a number of such organizations have pursued this course over the past decade.

FFELP is subject to periodic legislative reauthorizations as well as other legislative and regulatory changes. Reauthorization of the Higher Education Act (HEA), which governs FFELP, is currently pending in Congress. A number of proposals have been introduced that would alter program rules and economics, increasing competitive pressure among guaranty agencies, lenders and loan servicers.

Sallie Mae

Congress created Sallie Mae in 1972, when the student loan program was still in its infancy, to serve as a secondary market, provide liquidity for banks and to encourage them to participate in the student loan program. As the student loan marketplace has grown and evolved over time, so has Sallie Mae. Our initial role as a loan secondary market and servicer kept us focused on banks as our primary customer. In the 1990s, we expanded that focus to include a school-based strategy that emphasized loan delivery. In 1996, at the company's urging, Congress enacted legislation to permit shareholders of Sallie Mae to reorganize as a fully private-sector entity, a process that concluded in December 2004. Having undergone the transition from government-sponsored agency to an ordinary state-chartered corporation opened new doors for us and gives us an appreciation for the challenges – and opportunities -- facing PHEAA.

Sallie Mae is the nation's leading private sector provider of higher education financing managing over $107 billion in student loans and more than 7 million customers. Our primary business is providing and servicing federally guaranteed student loans as well as non-guaranteed "private loans" to help families meet the remaining gap in education costs. Nationally, we represent approximately 25% of the student loan business. We also offer comprehensive information and resources to assist students, parents, guidance counselors, and college administrators through the financial aid process. Sallie Mae also provides debt-management services, as well as other "processing," administrative and consulting services to a range of clients, including colleges, universities, banks, secondary markets, loan guarantors, state agencies and the federal government.

Sallie Mae has had a longstanding commitment to Pennsylvania. We recently celebrated the 17th anniversary of our loan servicing center in Wilkes-Barre, which was built at a time when PHEAA and Sallie Mae had an extensive business relationship. The servicing center, which was our first full service center, employs more than 700 Pennsylvanians, making it one of the largest employers in Northeastern Pennsylvania. As a valuable contributor to the local economy, Sallie Mae provided more than $32 million in salaries, benefits, taxes and charitable contributions to Pennsylvania in 2004 and of course, the economic impact of our center in northeastern Pennsylvania is multiples of that number. Our Pennsylvania employees perform a range of "back-office" services for student loan borrowers around the country. Our Pennsylvania team processes 2.2 million student loan payments each month and handles more than 14.4 million pieces of correspondence and records updates each year. We are proud of the job that they do on behalf of students nationwide and look forward to putting those talents to work for more students in Pennsylvania.

Today, Sallie Mae serves nearly 300 colleges and universities in Pennsylvania. During the last year, we provided approximately $750 million in student loans to help Pennsylvania students pursue a higher education. Our commitment to the Commonwealth is reflected in our Pennsylvania Rewards program, which offers the lowest cost student loans in the Commonwealth. Compared to other lenders in the Commonwealth, Sallie Mae's Pennsylvania Rewards program will save an average borrower nearly $220 over the life of their loan.

You have heard a lot about Sallie Mae in recent weeks – much of it has been negative and most of it inaccurate. The truth is that we take very seriously our obligation to serve students, families, schools, employees and taxpayers. We would not enjoy the success we have achieved if Sallie Mae were the company our detractors have described us to be. Indeed, numerous national observers have recognized Sallie Mae's record of accomplishment and excellence:

- **Fortune** magazine named Sallie Mae one of its "Most Admired Companies."
- **Forbes** magazine named Sallie Mae one of the "Best Managed Diversified Financial Companies in America."
- **Business Ethics** magazine ranked Sallie Mae among the "100 Best Corporate Citizens."
- **Business Week** magazine ranked Sallie Mae in the top 15 cash givers in their list of "Top Corporate Philanthropists."
- **Working Mother** magazine named Sallie Mae one of the "Top 100 Companies for Working Moms."
- **Washingtonian** magazine and ***Indianapolis Monthly*** list Sallie Mae as a "Great Place to Work."
- **Greater Wilkes-Barre Chamber/College Misericordia Annual Diversity Award** for excellence in promoting diversity and diversity topics in an area business.
- The **National Association of Female Executives** listed Sallie Mae as one of the "Top 30 Companies for Executive Women."
- **GovernanceMetrics International** gave Sallie Mae a perfect "10" score for corporate governance. Of 1,600 global companies ranked, only 17 received this rating.
- The **U.S. Department of Education** gave Sallie Mae its "Exceptional Performance" designation for meeting or exceeding government standards in administering loans under the Federal Family Education Loan Program.

About PHEAA

As you know, PHEAA is an independent public corporation created by the Pennsylvania General Assembly in 1963. PHEAA's principal headquarters are in Harrisburg and they also maintain offices in California, West Virginia and Delaware. Its mission is "to improve higher education opportunities for Pennsylvanians."

Pennsylvania represents 6% of the student loan market. PHEAA controls over 80% of all student loan volume in the state and derives virtually all of its income from participation in the FFELP. As a state agency, PHEAA does not pay taxes on its earnings and is able to avail itself of low-cost tax-exempt funding for its loan portfolio. PHEAA performs a number of commercial functions in support of student lending within and outside of Pennsylvania: loan originations, funding, loan servicing, guarantee servicing and collections.

By combining these commercial functions with its agency role as administrator of the state higher education grants program, PHEAA has garnered a near monopoly share of the Pennsylvania student loan market. Unlike elsewhere in the country, PHEAA – not the colleges and universities – serve as the gatekeeper for the federal student loan program.

The question for the legislature is whether this virtual monopoly status benefits Pennsylvania taxpayers, schools and students over the long term, or whether it is possible to create a better economic proposition for higher education in Pennsylvania that strengthens lender choice and competition at the school and borrower level.

PHEAA's public financial statements for the last several years suggest PHEAA has not returned to the taxpayer value commensurate with the market control it enjoys. As of June 30, 2004 (the end of its most recent fiscal year), PHEAA had accumulated nearly $400 million in surplus assets that remain "locked" within the agency. Even though PHEAA created this substantial nest egg, it chose to add nearly $70 million to this total in FY 2004 rather than return it to the Commonwealth's citizens.

PHEAA claims credit for providing $100 million annually in financial benefits and "free" programs and services to the taxpayers of Pennsylvania. While we applaud PHEAA for its many fine programs, we believe the Committee should understand that the vast majority of these benefits are commonly provided today across the country as part of the competitive student loan marketplace (see Exhibit I). Indeed, two-thirds of these PHEAA benefits (fee waivers and loan forgiveness) are essentially common forms of price discounting. The proposed partnership by Sallie Mae would not take away any of these benefits, but would add a substantial infusion of cash. Even with PHEAA's recently announced "Higher Education Grants Initiative," maintaining the status quo would still offer the Commonwealth less than it would receive under Sallie Mae's offer. PHEAA's initiative appears to promise $265 million in new funding over the next five years, which falls far short of the $1 billion offered in the Sallie Mae proposal, the difference could fund a broad range of higher education or other Commonwealth priorities (see Exhibits II and III).

Moreover, PHEAA's financial condition - and ability to fund benefits over the long term - is at risk if the following trends are not reversed:

- Between fiscal years 2001 and 2004, PHEAA's operating costs rose nearly 14% per year while non-interest revenue grew by only 8% per year. This disproportionate growth in PHEAA's cost structure consumes money that could otherwise be spent to benefit the Pennsylvania public.

- For their most recent fiscal year, PHEAA spent roughly $208 million to operate its student loan businesses (excluding grants administration), originating roughly $3 billion in new loans. In the same period, Sallie Mae spent approximately $500 million to operate its comparable student loan businesses, originating roughly $18 billion in new loans, while servicing an outstanding portfolio of $107 billion.

- In FY 2004, PHEAA reported spending $16 million to administer approximately $420 million in grants. By contrast, Florida spent just over $4 million to administer nearly the same amount in grants.

- As of September 30, 2004, the U.S. Department of Education (ED) ranked PHEAA 22nd out of 36th among state agencies in terms of their performance in collecting defaulted student loans. PHEAA's lower level performance reduces its compensation from the federal government, which in turn reduces resources available in Pennsylvania. Sallie Mae manages the defaulted collection portfolio for five guarantors, four of which rank among ED's top 10 collectors. (to view this on ED's website go to: http://www.fsacollections.ed.gov/contractors/ga/stats/11282004.htm, click on: GA.Recovery.report.FY04.xls).

- Much of PHEAA's recent financial success is temporary and at risk. As of June 20, 2004, nearly 40% of PHEAA's loan portfolio received excessive federal subsidies on so-called "9.5%" loans, which appear to generate roughly two-thirds of PHEAA's $161 million in interest income. These subsidies have been the subject of much controversy in Congress and are very likely to be phased out as part of the upcoming reauthorization of the Higher Education Act.

Sallie Mae's Proposed Public-Partnership for Pennsylvania

Over the years, Sallie Mae and PHEAA have worked together in many ways. Sallie Mae has provided funding and credit enhancements for the agency, while PHEAA, for over 20 years, serviced student loans for Sallie Mae. The relationship changed course in the last four to five years, as PHEAA became an increasingly aggressive competitor in Pennsylvania.

In an effort to resume our working relationship, Sallie Mae has made a number of proposals to work more closely with PHEAA. Our most recent proposal and the topic of today's hearing, was a proposal to create a new partnership between our two entities. The proposal was designed to bring greater efficiencies to PHEAA that would in turn generate increased revenues to support PHEAA's mission-related activities

Under the broad terms of our proposed partnership for Pennsylvania:

- Sallie Mae would purchase PHEAA's assets, including its student loan portfolios and the rights to future loans originated or purchased by PHEAA, and enter into a rolling five-year contract under which Sallie Mae would, as a vendor to PHEAA, provide operations support and services. In return, Pennsylvania would receive approximately $1 billion over five years. Economic arrangements for "out years" (after year 5) would be negotiated annually.

- To maximize the value available under the transaction, PHEAA will need to maintain some tax-exempt financings, while committing the earnings streams from these portfolios to Sallie Mae.

- PHEAA's third-party servicing businesses would be acquired by Sallie Mae as part of the transaction.

- Each year PHEAA would set targets relating to school marketing and lender partnerships (including the "Keystone" program).

- To capture available operating efficiencies, Sallie Mae would gradually integrate PHEAA's current operating platforms in such areas as loan originations, loan servicing, guarantee servicing, and collections with those of Sallie Mae, thereby generating cost efficiencies, upgrading technology and improving service levels to schools and borrowers.

- PHEAA would retain policy control over existing grant, loan forgiveness, and philanthropic programs within the bounds of the current economic scope of these programs. The Commonwealth and PHEAA could also choose to expand the investment in these programs from the transaction proceeds.

- PHEAA would retain its current legal structure and brand name. It would remain a FFELP guarantee agency under contract with ED. PHEAA would continue to originate loans under its name, committing to sell new loans to Sallie Mae.

- PHEAA's independent board of directors and a streamlined management team would remain in place to oversee Sallie Mae's performance.

- Sallie Mae would keep employment levels in the Commonwealth at or above the approximately 2,800 persons employed by the two entities today. It is worth noting that Sallie Mae has increased employment by 6,500 jobs since 2001 – all in states where we compete. Because of the efficiencies enabled by combining PHEAA's and Sallie Mae's operations, we know that we can accomplish PHEAA's current work with fewer employees than it has today. We can commit to maintaining the 2,800 person target by redeploying positions within the Commonwealth to serve the needs of Sallie Mae customers around the country, in addition to meeting the needs of PHEAA's existing customers. In fact, we are in the process of seeking locations to add several hundred jobs to support our rapidly expanding debt management business, with sites in Pennsylvania and other states under consideration.

- The General Assembly would continue to set the appropriations levels for education grants and PHEAA would continue to oversee the Commonwealth's successful grants and loan forgiveness programs. Sallie Mae would offer Pennsylvanians the same, or even better, terms on a larger set of loan products, as well as borrower benefits, including zero origination fees, low interest rates and a flexible set of repayment plans. By separating the grant and loan functions, schools will be free to use whichever loan provider they choose to do business with, which means more competition for student loans in Pennsylvania.

The foregoing terms were offered as a way to invite negotiations and Sallie Mae has indicated its willingness to negotiate the terms and structure of its proposal. As proposed, we believe the terms fully and fairly value the PHEAA franchise. However, we are open to discussions regarding alternative structures and valuations and, in any event, would need to conduct standard due diligence to confirm our business assumptions and develop a much more detailed set of contractual arrangements. As it stands, without the benefit of any discussion with Sallie Mae or, presumably, any independent analysis, PHEAA rejected Sallie Mae's offer through a statement released to the press on December 27, 2004.

Why is Sallie Mae's Proposed Partnership Good for Pennsylvania?

PHEAA has argued that "if it broke, why fix it"? However, our review of PHEAA's public financial statements for the last several years suggest that PHEAA has not returned to Pennsylvania students value commensurate with the market control it enjoys.

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Exhibit III summarizes the total projected benefits to Pennsylvanians of the Sallie Mae proposal over the next five years in comparison to the status quo under PHEAA. Compared to PHEAA's recent grants initiative, Sallie Mae is offering more than three times in incremental cash – than what PHEAA is offering Pennsylvanians. In addition, a partnership with Sallie Mae would shift PHEAA's operational, financing, and to Sallie Mae, "locking in" the benefits for years to come.

The proposed partnership will benefit Pennsylvanians in several ways:

> **Increased Funds Available for Students.** At a time when government is doing more with less, entering into this partnership would increase the amount of public funds available for educational assistance – either directly to students or through institutions.
>
> **Lower Risks for Taxpayers.** By shifting most of the operating and financial risks of PHEAA to Sallie Mae, Pennsylvania taxpayers are "locking in" a steady cash flow for the length of the relationship, and avoiding the very real potential for sharp reductions in PHEAA's income in the near future through rising interest rates and expense levels.
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> **Increased Accountability.** A partnership with Sallie Mae would ensure greater accountability to the General Assembly. Any contract PHEAA would enter into with Sallie Mae, would include clear financial commitments and performance measures to which Sallie Mae would be held. These terms would also govern how Sallie Mae would be paid.
>
> **Increased Competition.** Without true competition, little incentive exists for PHEAA to innovate or operate efficiently. Schools and students are the losers. PHEAA's recent offer of $265 million in new grant funding is a case in point. Decoupling grants administration and loan programs would remove what is at least a perception of a link between the two functions and free schools to make the best choices for their students.

> Some have logically asked, “Once Sallie Mae partners with PHEAA, how can we be assured that all of the benefits and programs offered by PHEAA will remain?” In short, those benefits and programs will remain under PHEAA’s control. PHEAA management and its Board would maintain oversight over our contract. Sallie Mae’s contract with PHEAA would only be renewed if PHEAA was satisfied with our performance. Simply put, we would be contractually obligated to deliver better products and better services to Pennsylvania.

Sallie Mae Has a Track Record of Successful Partnerships

As legislators, it is appropriate for you to ask why Pennsylvania should alter its approach to student loans, and why you should partner with Sallie Mae. Our track record offers some answers.

We are proud of our record of improving performance for our partners and returning more dollars to those who need it most – students and their families. Sallie Mae’s partners demand and receive first-class value and service. By building financial incentives into each arrangement, we also have “put our money where our mouth is” with our partners over the last seven years in partnering with more than a dozen entities. In each transaction, whether we are the parent company or a third-party vendor, we have greatly improved student services and enhanced competition.

As I mentioned in my opening remarks, I came to Sallie Mae from USA Group as a part of one of these transactions and I see many similarities between Sallie Mae’s proposed relationship with PHEAA and the relationship that Sallie Mae entered into with USA Group in 2000. At that time USA Group, a not-for-profit entity that like PHEAA, acted as a loan guarantor, a loan servicer, and a secondary market. Sallie Mae purchased the assets of USA Group and entered into a long-term contractual relationship to do both guarantor and loan servicing. USA Funds, the guarantor affiliate of USA Group prior to the transaction, remains a not-for-profit entity with a governing board and a staff who oversee all borrower benefits and policy and compliance matters while monitoring Sallie Mae’s performance. Proceeds from the sale were used to establish the Lumina Foundation, today one of the nation’s largest private foundations dedicated to higher education. For the record, I would like to submit copies of the last four years of annual reports from USA Funds. These reports illustrate both the independence and success that USA Funds has experienced as a result of its partnership with Sallie Mae.

Since embarking on this partnership, USA Funds has experienced tremendous growth. Not only has it maintained its existing customer base, it has grown new guaranteed loan volume to a record $9.8 billion as of the end of the academic year 2003-2004. This represents an increase of 52% during the four-year period of our relationship. Joint investments by Sallie Mae and USA Funds in technology initiatives have fueled this success and brought even higher levels of service to the students, schools, and lenders served by our partnership. Today, USA Funds’ default rate is at its lowest point in history, benefiting borrowers by ensuring that they have strong credit records, and the taxpayers by avoiding unnecessary defaults. Sallie Mae has also helped USA Funds to reduce its defaulted loan portfolio by 28%. The enhanced collection services performed by Sallie Mae have generated additional resources that USA Funds has used to invest in their higher education mission-related activities.

Other examples of our success in helping our partners grow include:

- **Nellie Mae –** When Sallie Mae acquired Nellie Mae in 1999, it originated approximately $385 million in student loans. By 2004, Nellie Mae originated more than $1.2 billion in education loans for students and families – an increase of more than 300 percent.

- **Student Loan Funding –** Student Loan Funding made $25 million in education loans in 1999 (the year before it was acquired by Sallie Mae). In the most recent academic year, Student Loan Funding made $125 million in loans, a five fold increase.

- **AmSouth –** Since becoming the exclusive marketing agent for AmSouth's education loan division in 2004, Sallie Mae has helped grow AmSouth's new loan origination volume by more than 20 percent.

In addition, four of Sallie Mae's guarantor partners rank among the U.S. Department of Education's top 10 collectors of defaulted student loans. As illustrated in the chart below, our partnership with each of these guarantors has dramatically improved their performance:

Agency	FY 2001 Ranking (out of 36)	FY 2004 Ranking (out of 36)
Maine	**30th**	**1st**
Arkansas	**25th**	**3rd**
Rhode Island	**22nd**	**6th**
USA Funds	**34th**	**8th**

As with USA Funds, every additional dollar Sallie Mae helps our partners to collect enables them to use more funds to help students and families pay for college. It is also important to note the money returned to local communities as a direct result of these partnerships. Our strategic partnerships have aggregated more than $2.3 billion in funding for five separate foundations dedicated to improving higher education:

- **Student Loan Finance Association –** $100 million for the Education Assistance Foundation, a Seattle-based foundation dedicated to education.

- **Southwest Student Services** - $500 million to the Helios Education Foundation to fund its mission of education philanthropy, making it the largest foundation in Arizona.

- **USA Group** - $770 million to the USA Group Foundation (now known as the Lumina Foundation), a charitable foundation dedicated primarily to expanding access to education through research, information and innovation.

- **Student Loan Funding –** $117 million to the Thomas L. Conlan Education Foundation (known today as the KnowledgeWorks Foundation), a Cincinnati-based foundation that supports college access initiatives, school-to-career programs, and early childhood learning activities across Ohio.

- **Nellie Mae** - $320 million to the Nellie Mae Foundation (known today as the Nellie Mae Education Foundation), New England's largest public charity dedicated exclusively to improving academic achievement for the region's under-served communities.

Conclusion

Sallie Mae and PHEAA have both made important contributions in furthering their shared mission of increased college access to all Americans. We believe that through our proposed partnership, we can make the dream of college more accessible to all Pennsylvania students.

We hope that you will leave today's hearing with a better understanding of the benefits our partnership can bring to the state:

- Our proposed partnership with PHEAA will generate more money for Pennsylvania higher education.

- Greater competition in Pennsylvania's student loan business will improve service and lower the cost of borrowing for students and families.

- Reduced financial risk and greater operating efficiencies in PHEAA would mean a stronger long term franchise.

Finally, before I close, as the person at Sallie Mae who has responsibility for our Wilkes-Barre center, I want to make a personal observation. Sallie Mae made a serious business proposal to PHEAA. To date, PHEAA has not seriously evaluated the merits of our proposal, nor have we received a serious response. Our employees in Wilkes-Barre have been understandably disturbed at the way Sallie Mae's name has been dragged through the mud over these past weeks by individuals with a personal stake in maintaining the status quo regardless of the benefits that would accrue to Pennsylvanians from our proposed partnership. While our employees accept that reasonable people can differ about how best to run Pennsylvania's student loan program, they cannot understand, nor can I, why public money – their money, as taxpayers of Pennsylvania – has been spent on a media campaign designed to convey negative impressions about the work that they so proudly perform on behalf of Sallie Mae, schools and students. As one of my Wilkes-Barre colleagues put it, "Every dollar spent attacking Sallie Mae is a dollar that cannot be used to help a young person in Pennsylvania pay for college."

Chairman Feese, Chairman Evans, and members of the Committee, I am grateful for your willingness to have an honest, open, and fact-based discussion about how best to serve Pennsylvania's students, schools, and taxpayers. We hope that today's hearing could be the starting point in that discussion so that the merits of our proposal can be fully considered. I look forward to our continued dialogue and would be happy to answer any questions you may have.

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