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**Bills Aim To Limit Education Agency's Power**

Move would make way for Sallie Mae, others to run college loan program.

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Of The Morning Call

HARRISBURG | After a hot and heavy courtship with legislators earlier this year, Sallie Mae appeared to cool off its campaign to take over the state's college loan program.

That's expected to end today with the introduction of twin bills by Sen. Robert Wonderling, R-Montgomery, and Rep. Mike Turzai, R-Allegheny, that call for stripping the Pennsylvania Higher Education Assistance Agency of many of its powers. The move could open the market for other lenders such as the SLM Corp.

SLM, commonly known as Sallie Mae, offered to buy out the state agency last December for \$1 billion, an offer PHEAA's board rejected but which Sallie Mae officials say remains on the table. The for-profit lending company has urged legislators to override the board's decision.

Tom Joyce, spokesman for the Fortune 500 company, described the bills as "a positive step ... to opening competition."

Wonderling's bill would decouple PHEAA's grant and loan program by renaming PHEAA's grants the Legislative School Assistance Program grants and enabling the state Department of Education to administer them. It would mandate that PHEAA submit an annual audit to the General Assembly for approval.

And it would require PHEAA to allow other lenders, who originate at least \$1 billion in student loans, access to its operating systems. Sallie Mae officials have complained that many Pennsylvania colleges, which use PHEAA's system to manage student loans, don't want to switch systems.

Wonderling said he believed those provisions would increase lending competition and drive down student loan rates in Pennsylvania.

Turzai's bill, still under review Thursday, was expected to contain similar language.

"If they were to choose to change the law, we would fully comply with them," PHEAA spokesman Keith New said. But he added he believes the agency provides the "best programs."

Gov. Ed Rendell's administration declined to weigh in on the issue Thursday.

With legislators scrambling to wrap up before the Fourth of July, and squabbles over Medicaid, education funding and the budget unresolved, passage of either Turzai's or Wonderling's bill seems unlikely.

But the bills' simultaneous introductions may have less to do with getting a law on the books than with getting support on the record - before legislators' summer fund raising heats up.

"The best analogy is to say that it's a warning shot. They're saying, 'We're not doing anything yet, but we intend to.' ... It establishes that it's in the works," said Christopher Borick of Muhlenberg College's Institute of Public Opinion.

And that puts pressure on lobbyists "to ramp up their efforts," Borick said. Those efforts usually include political campaign donations, particularly in the case of Sallie Mae, whose political action committee has helped fill the war chests of politicians across the country.

Summer is often a long fund-raising drive for legislators because they don't have duties in Harrisburg.

"It used to be that they'd really take time off. Now they just go to another fund raiser. ... If you're not working on bills or legislation in the Capitol, you're probably on the trail working with lobbyists to try to raise money for the next election," Borick said.

Sallie Mae's Joyce said those donations to legislators have "not been anything we've talked about" in Pennsylvania.

Wonderling insisted his bill is about providing Pennsylvanians better financial access to colleges. The timing was coincidental, he said.

"We're trying to find a way to find more opportunities for Pennsylvanians to attend college," he said, adding, "We're introducing it now because it's ready."