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**House Panel Hires Firm to Perform PHEAA Audit**  
BY CHARLES THOMPSON

Lawmakers are trying to learn more about the wealth of the state's student loan agency.

The House Appropriations Committee has named a Philadelphia firm to complete an unusual analysis of the Pennsylvania Higher Education Assistance Agency and its private foundation. The analysis comes as Gov. Ed Rendell and the Legislature are sitting on a \$1 billion offer from Sallie Mae to take over parts of the state's student loan agency.

Sallie Mae, based in Reston, Va., made its offer in December, and the PHEAA board rejected it. But Sallie Mae continues to push for lawmakers and the Rendell administration to consider the offer.

Committee Chair Brett Feese, R-Lycoming, said in June that the point of the report is "not to value PHEAA for the purposes of a sale," but to gain information about PHEAA's assets.

Feese said the impetus for the study came from the PHEAA board's actions after the Sallie Mae offer, including a decision to invest \$265 million in earnings from its student loan business in a college student grant program PHEAA administers for the state.

"The timing of that to me was interesting and it begged the question: Are there other resources available that could be used for kids that are not currently," Feese said.

The Legislature has never performed such an examination in PHEAA's 41-year existence, said Al Bowman, a spokesman for the Appropriations Committee.

"It is imperative that we ... make sure we are leveraging out tax dollars in the best way possible," Bowman said.

In the just-enacted 2005-06 budget, the state is allocating \$428.7 million to PHEAA.

Established in 1964, PHEAA, which administers the state's grant program for low-income college students, has also grown to become one of the nation's largest financial aid organizations. It now serves 4 million borrowers, manages more than \$33 billion in total assets and employs 2,300 people.

PHEAA spokesman Keith New, in a comment on the independent study, pledged the agency's cooperation with the review, but also questioned the need for it.

"We are regularly audited and provide detailed quarterly and annual financial statements that are readily and publicly available," New noted.

Bowman said Curtis Financial has no ties to either PHEAA or Sallie Mae and is working for a contract price not to exceed \$50,000. The funds are being drawn from the House Appropriations Committee funds.

Sallie Mae is the nation's biggest student lender, but has struggled to compete with PHEAA in Pennsylvania.

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