

BUSINESS NEWS

Sallie Mae: Takeover could bring local jobs

By Tim Gulla
Citizens' Voice Staff Writer

Regardless of whether or not a proposed takeover of the Pennsylvania Higher Education Assistance Agency by student loan giant Sallie Mae makes sense for student loan holders, it does have the potential to benefit a local Sallie Mae facility.

Sallie Mae employs about 750 people at its student loan-servicing center in Hanover Township and a Sallie Mae spokesman said there is a possibility of job gains there if Sallie Mae wins state approval to service PHEAA loans.

"Obviously, gaining more business in the state of Pennsylvania would be a good thing for our Wilkes-Barre center," said spokesman Tom Joyce.

Though Joyce couldn't offer any projections about job gains, Sallie Mae has pledged, as part of a \$1 billion offer for PHEAA's business, to maintain staffing at or above current levels in its Harrisburg and Hanover Township facilities.

For that to happen, legislators in Harrisburg will have to approve the takeover amid intense opposition from PHEAA itself and its supporters.

"PHEAA is not now and never will be for sale, especially to a profit-driven corporation with a track record of overcharging borrowers, laying off workers and gobbling up any organization that stands between students and a quest for bigger profits," PHEAA's board chairwoman Elinor Taylor said on Dec. 27.

Though lobbying has been coming from both sides of the issue, state Rep. Phyllis

Mundy, D-Kingston, said she's only heard from the PHEAA side to date.

"Just today I received a letter from the Pennsylvania AFL-CIO opposing the privatization of PHEAA," she said.

The letter alleged Sallie Mae has outsourced jobs to other countries in previous takeovers, and Mundy said this was something she was concerned about.

But Mundy, who is the Democratic chairwoman of the House Subcommittee on Education in the Appropriations Committee and a member of the House Education Committee, said she has not yet made up her mind.

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Mundy

Additionally, the contract would be renewable annually, he said.

"The PHEAA board would be the ones to judge our performance," he said.

Chuck Ardo, a spokesman for Gov. Ed Rendell, said the issue has not yet crossed the governor's desk, but he is aware of the situation.

"We've been saying all along it's important to consider the Sallie Mae offer with all the facts in hand," he said.

Should the state sign off on the deal, there's no word of how the \$1 billion would or could be used.

"Those are among the many questions that remain unanswered," Ardo said. "Before the governor signs off on anything, there will be careful consideration of every aspect of this proposed deal."

Though published reports have indicated Sallie Mae has been lobbying legislative leaders in Harrisburg for support, Senate Minority Leader Robert Mellow's spokeswoman Theresa Candori did not believe her boss had been approached yet.

However, Candori said Sen. Mellow, D-Peckville, has kept an open mind on the subject and instructed his staff to research the issue.

Of particular importance, she said, was whether or not the takeover would affect students or make it harder for them to get college financing.

If that's the case, she said, "Obviously, he would not be in favor (of a takeover)."

Making his case for Sallie Mae, Joyce said Sallie Mae could do the job cheaper and more efficiently than PHEAA while saving students money.

"Right now, today, Sallie Mae offers the lowest price loan in the state," he said.

The average student would save roughly \$215 by going with Sallie Mae instead of PHEAA, he claimed.

Yet PHEAA's dominance in Pennsylvania doesn't allow fair competition, he said.

Rep. Mundy believes there are many issues that have to be examined before legislators would consider turning not-for-profit PHEAA over to for-profit Sallie Mae. The current situation gives students choices, she said.

"They have two competitors vying for their student loans. That's a good thing for consumers. If Sallie Mae is now the only student loan servicing center, what will that do to rates?"

Sallie Mae has no plans of backing down.

"We know this is not going to be a short-term process," Joyce said. "We think once legislators and the people of the state really look at what we're offering, they'll see tremendous value."