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Loan company's representatives say purchase of agency would be favorable across board
Sallie Mae touts offer for PHEAA

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WILKES-BARRE - The benefits of the \$1 billion offer for the Pennsylvania Higher Education Assistance Agency go beyond the state, students, taxpayers and the shareholders of buyer Sallie Mae, a company spokesman said Tuesday.

Sallie Mae, officially known as SLM Corp., employs more than 700 people at its loan servicing operation in the Hanover Industrial Estates.

"Growing our share of the Pennsylvania loan market is only going to be good news for the local employment picture," Tom Joyce, a Sallie Mae spokesman, told members of the Times Leader editorial board.

Joyce didn't commit to an increase in the work force as a result of the proposal. But the Reston, Va.-based company has promised no job cuts locally or among the estimated 2,100 people who work at PHEAA in Harrisburg.

Joyce and June McCormack, executive vice president of servicing and sales marketing with SLM, reiterated the company's commitment to keep job levels at or above the combined 2,800 total if the much-larger publicly traded Sallie Mae took over the smaller state agency.

The two will be among the representatives of SLM attending a public hearing tomorrow before the state House Appropriations Committee on the company's proposal to PHEAA.

Rebuffed by PHEAA when the offer was made in December, Sallie Mae turned to state legislators for an opportunity to be heard.

"We knew this was going to be a long process," Joyce said.

The offer includes \$500 million for the assets of PHEAA plus \$100 million a year for five years, during which Sallie Mae would act as a vendor providing operations and support to PHEAA.

PHEAA's assets include a \$400 million surplus that would go to Sallie Mae, McCormack said. PHEAA would retain its independent board of directors and a streamlined management team of employees. The contract also could be renewed.

Sallie Mae's proposed purchase price for PHEAA might be too low, McCormack acknowledged. "Yes it could go higher if it turns out to have that the company has more value," she said. Sallie Mae still sees value in the deal, said Joyce and McCormack.

The company can provide better service to students because of its size and scope of operations, said McCormack. “There are efficiencies here to be captured,” she said.

And from a dollars and cents point of view, the deal is worth pursuing, added Joyce. “It has to make sense from a shareholder perspective or we wouldn’t be here.”

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