



September 9, 2009

The Honorable John Cornyn
Member
U.S. Senate
Washington, DC 20510

ATTN:Michelle Chin

Dear Senator Cornyn:

As the Congress considers legislation to reform the federal student loan programs, TG, along with most of the nation's other FFELP guaranty agencies, urge the inclusion of the attached language in HR 3221 – *The Student Aid & Fiscal Responsibility Act of 2009* - which proposes the continuation of student-centered and school-centered programs and services that are necessary to the successful administration of any student loan program.

This language has been agreed to by the majority of Chief Executive Officers of the Federal Family Education Loan Program (FFELP) guaranty agencies.

The nation's guarantors are, and have been, providing these services for decades. These services are largely responsible for the 90% + repayment rate in the federal program we currently administer. Default aversion services will not only be necessary in the much larger, post July 2010, Federal Direct Loan Program, they will be essential if this record is to continue while federal student loan debt continues to mount. We strongly believe that borrowers must continue to receive the support they need to have a successful student loan experience and protect taxpayer interests.

Guaranty agencies are the only entities with agreements with the Secretary of Education under Sections 428(b) and (c) of the Higher Education Act and have provided unbiased, comprehensive, and timely information concerning access to postsecondary education to students and families. Guarantors deliver critical support to students and families through counseling on higher education access, financial literacy programs, default prevention and borrower education and advocacy. They also support financial aid professionals through technology solutions, professional development training, program support, and program compliance and regulatory assistance.

Furthermore, guarantors have a long history of providing a comprehensive suite of student and school support programs that are tailored to the needs of each guarantor's customer population. Guaranty agencies are spread among the states and regions and have developed strong working relationships with the families and schools (including K-12) which specially address unique characteristics and needs in our areas of service.

The proposed language will provide for guarantors to continue and strengthen the delivery of the activities as outlined in the proposal as follows:

- 1) Providing student loan borrowers financial literacy education, including but not limited to providing information on budgeting and personal financial and debt management, on how to pay for post-secondary education, and on the rights and obligations of student loan borrowers;*
- (2) Encouraging students to refrain from incurring unnecessary student loan debt (including private education loan debt);*
- (3) Providing or assisting with entrance and exit student loan counseling to borrowers;*
- (4) Providing resources to assist borrowers in selecting a loan repayment plan and in applying for any loan cancellation, forgiveness, deferment, or forbearance for which they may be eligible;*
- (5) Working with borrowers to avoid delinquency and default;*
- (6) Providing counseling to defaulted borrowers on appropriate account resolution options, including loan rehabilitation;*
- (7) Assisting students and families with student loan issue resolution through the Borrower Assistance Provider's ombudsman services or the equivalent;*
- (8) Providing training and assistance to institutions of higher education regarding the programs under this Title;*
- (9) Working with the Secretary to assure proper administration of the federal student loan programs, including conducting biennial program reviews of participating institutions, including at least each participating institution of higher education located in the State for which the Borrower Assistance Provider is the principal guaranty agency under Part B that has a cohort default rate for either of the two preceding fiscal years that exceeds twenty percent; and*
- (10) Outreach and support services for college access and success.*

In Texas, these programs and services are delivered to students and schools by the Texas Guaranteed Student Loan Corporation (TG), a public non-profit corporation established by the Texas Legislature in 1979. TG receives strong oversight from both the Executive and Legislative branches of state government. The federal student loan program that TG has successfully administered for three decades provides two-thirds of the direct postsecondary education student financial aid awarded annually to students and parents, and comprises 94% of the federal student loan volume in Texas. This equates to over 13 million federal student loans for over 4 million borrowers, exceeding \$62 billion over the lifespan of TG. These loans have a historical repayment rate of over 90% under TG's administration.

TG is committed to continuing to provide these critical programs and services, to which we feel students and schools, are entitled. We believe that this language compliments the borrower advocacy positions supported by NASLA in our previously recommended language. Therefore, we strongly urge your support of the attached language.

Thank you for your consideration.

Respectfully,

Sue McMillin
President and CEO