

# Congress of the United States

Washington, DC 20515

March 6, 2008

The Honorable Henry M. Paulson  
Secretary  
U.S. Department of Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20220

The Honorable Margaret Spellings  
Secretary  
U.S. Department of Education  
400 Maryland Avenue, SW  
Washington, DC 20202

The Honorable Ben Bernanke  
Chairman  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, DC 20551

Dear Secretary Paulson, Secretary Spellings, and Chairman Bernanke:

Student loans are a vital cog in Pennsylvania's and the nation's economy. Increasingly students and their families rely on student loans to provide the resources needed to pay for postsecondary education and training. The future health of the nation's economy is intrinsically linked to the education and training received by its workforce.

For this reason, we, the Members of Congress and Senators representing the Commonwealth of Pennsylvania, are very concerned by recent media coverage and other reports we have received regarding instability in the financial markets that fund some student loans. It is our understanding that, in their current condition, these markets cannot be relied upon to provide the capital necessary to fund the nearly \$60 billion in Federal Family Education Loan Program (FFELP) loans that students will need to fund their studies in the 2008-09 academic year, which begins this summer.

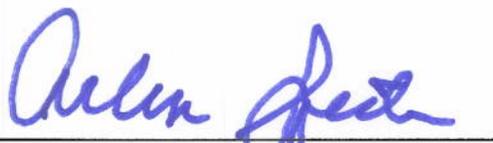
Specific to Pennsylvania, the Pennsylvania Higher Education Assistance Agency has announced that it has suspended its loan originations and purchase operations until the financial markets regain stability. According to that Agency, their cost of funding has increased precipitously in recent months and their access to the credit markets has been severely limited. The cost of credit has made the issuance or purchase of new loans uneconomic, even if enough such credit was available. Pennsylvania is not alone in experiencing this hardship or in taking these types of measures. Already, sister agencies have announced similar policies and it is expected that more will follow. A number of for-profit entities have also expressed similar concerns and some have ceased their student loan operations.

It is for these reasons that we call upon you to work cooperatively and quickly to identify and implement a plan to provide access to capital sources for use in originating and purchasing FFELP loans. This plan should provide short-term relief for those entities denied access to the credit markets or who cannot obtain financing at reasonable rates. In addition, we

urge you to make certain that a long-term strategy is in place so that capital market disruptions will not in any way impede the access of students to the loans they need to finance their education.

If no action is taken, students, especially those whose families are low-income, single parent, or have credit problems could be negatively affected. Please report to us as soon as practical regarding the steps you plan to take to assure access to FFELP student loans. Thank you for your prompt attention to this matter.

Sincerely,



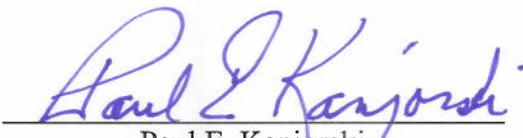
Arlen Specter  
United States Senator



Robert P. Casey, Jr.  
United States Senator



Phil English  
Member of Congress



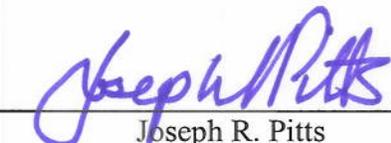
Paul E. Kanjorski  
Member of Congress



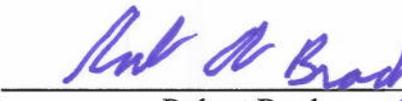
Charles W. Dent  
Member of Congress



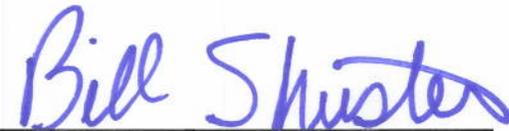
Joe Sestak  
Member of Congress



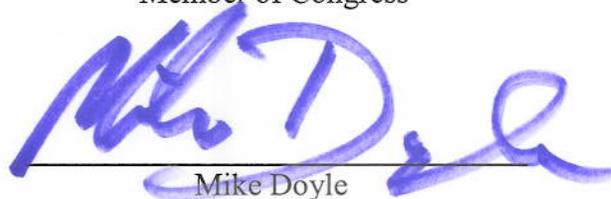
Joseph R. Pitts  
Member of Congress



Robert Brady  
Member of Congress



Bill Shuster  
Member of Congress



Mike Doyle  
Member of Congress

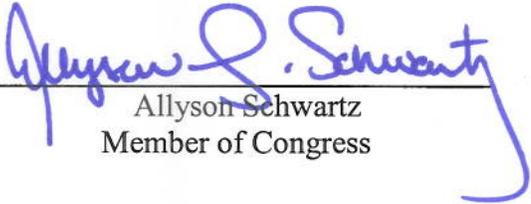


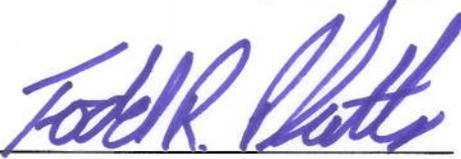
Jim Gerlach  
Member of Congress



Tim Holden  
Member of Congress

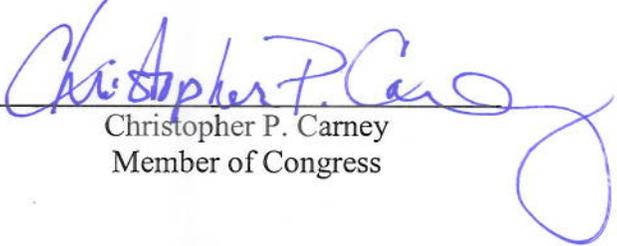
  
Tim Murphy  
Member of Congress

  
Allyson Schwartz  
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Todd Platts  
Member of Congress

  
Jason Altmire  
Member of Congress

  
Chaka Fattah  
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Christopher P. Carney  
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