

**Remarks of the Honorable George Miller
Chairman, House Education and Labor Committee
Statement at Committee Markup of H.R. 5715
The Ensuring Continued Access to Student Loans Act of 2008
Wednesday, April 9, 2008**

Good morning.

Today this Committee is considering bipartisan legislation that is central to one of our key priorities: Putting a college education within reach of all qualified students who want to attend.

At a time when the turmoil in the nation's credit markets has made it difficult for some lenders to access the capital they need to finance their student lending activity, the Ensuring Continued Access to Student Loans Act of 2008 will guarantee that students and parents are able to continue to access the federal loans they need to pay for college.

For quite some time now, the worsening economic downturn has made life more difficult for America's workers and their families.

This downturn had its roots in the subprime mortgage crisis, which has led to a significant tightening in the credit markets. As a result, what began as a challenge for home loan borrowers has also become a challenge for other borrowers, like those with credit card debt.

Our committee has been closely monitoring this crisis in the financial markets, its impact on the student loan industry, and whether or not it has affected students' ability to access federal college loans.

What we have seen thus far is that some lenders – especially those who finance their loans through auction rate securities – are reducing their lending activity in the federally guaranteed student loan programs, while other lenders are anticipating increasing their market share.

And to date, while the stress in the credit market is taking a toll on some lenders, students have not encountered any difficulties getting the getting federal loans they need to help pay for college.

But as we have seen far too often, shocks in the financial markets can come as a surprise, leaving those affected little time to react.

There is emergency authority already built into current law that would maintain access to federal loans for families in the event of any surprises.

It is critical to make sure that this authority is ready to be implemented to ensure American families can continue to access the federal college loans they are eligible for, regardless of what's happening in the credit markets.

One of these tools is for schools to utilize the Direct Loan program, in which the federal government offers federal loans directly to borrowers. Because this program does not rely on capital from private companies, it is unaffected by the volatility in the credit market.

The law also obligates the nation's 35 guaranty agencies to serve as lenders of last resort, thereby creating a nationwide network of backstop lenders.

If guaranty agencies or other lenders of last resort had trouble accessing capital to finance loans, the Secretary of Education would then have the authority to advance federal funds to guaranty agencies, as she confirmed last week.

As we work with Secretary Spellings to make sure these safeguards are road-tested and ready to become operational at a moment's notice, we must also take additional steps on behalf of students and families.

The Ensuring Continued Access to Student Loans Act would provide new protections, in addition to those in current law, to ensure that families can continue to access the loans they need to pay for college.

The bill would reduce borrowers' reliance on costlier private loans while encouraging responsible borrowing by increasing the annual loan limits on federal student loans by \$2,000 for all students. It would also increase the total amount of federal loans students can borrow to \$31,000 for dependent undergraduates and to \$57,500 for independent undergraduates;

It would give parent borrowers more time to pay off their federal parent PLUS loans by allowing families to delay entering repayment for up to six months after a student leaves school;

It would help struggling home owners pay for college by making sure that short-term delinquencies in mortgage payments don't prohibit otherwise eligible parents from being able to borrow parent PLUS loans;

It would clarify that existing law gives the U.S. Education Secretary the authority to advance federal funds to guaranty agencies in the event that they do not have sufficient capital to originate new loans;

It would allow guaranty agencies to make lender-of-last-resort loans on a school-wide basis.

And finally, the bill would ensure that lenders can continue to access capital to originate new student loans by giving the Secretary of Education the temporary authority to purchase loans from lenders in the federal guaranteed loan program, if needed.

Especially in light of today's economic conditions, the high cost of a college education continues to be one of the primary concerns facing America's families.

Over the past year and a half, this Committee has worked vigorously to make college more affordable and accessible for students and families.

Last year, we took a truly historic step towards this goal by providing more than \$20 billion in financial assistance to low- and middle-income families over the next five years.

In February, the House passed our bipartisan legislation to reauthorize the Higher Education Act, which would encourage students to take out federal loans before turning to costlier private loans.

It would also provide students and families with critical consumer protections when taking out and repaying both federal and private student loans.

I am confident that our efforts, coupled with proper planning by the federal government, will ensure that students and parents will continue to be able to access the low-cost loans they need for college.

I'd like to thank all the members of this Committee for their commitment to helping provide relief to the millions of Americans who are working hard to pay for college.

I'd especially like to thank Reps. Hinojosa, McKeon and Keller for their hard work on this critical legislation.

I think we can all agree that now more than ever, there is no goal more worthy than helping strengthen our nation's middle class. This bill, along with the other legislation this Committee has passed, will be an important part of this effort.

I would now like to recognize our Committee's Senior Republican, Mr. McKeon, for his opening statement.

Thank you.