

Chairman Miller Calls on Education Department to Implement Emergency Reforms in Student Loan Industry

Unfortunately, the U.S. Department of Education has failed to conduct adequate oversight of the student loan industry. Today, in a step towards ensuring that the federal student loan programs are operated to the maximum possible benefit of students, families, and taxpayers, Congressman George Miller, chairman of the House Education and Labor Committee, is calling on Education Secretary Margaret Spellings to immediately take the following actions:

1. **Impose a moratorium on “preferred lender lists.”** The Secretary must immediately require colleges and universities to end the practice of establishing special relationships with lenders -- which they do by creating “preferred lender” lists – until we can ensure that these lists no longer feed corruption and cronyism.
2. **Clearly define and end bribes paid by lenders.** The Secretary must explain why the Department has failed for the past six years to publish regulations on inducements paid by lenders to colleges and universities in order to receive special treatment. The Secretary must publish emergency regulations to clearly define inducements and bribes.
3. **Require full disclosure.** The Secretary must require all institutions and lenders immediately disclose any and all relationships that present conflicts of interest.
4. **Instruct schools and lenders to cease and desist all conflicts of interest.** The Secretary must bar institutions and lenders from having conflicts of interest.
5. **Conduct oversight of Department of Education employees.** The Secretary must request the Inspector General to investigate all senior Department of Education employees that work on higher education issues to ensure they have no conflicts of interest with student lenders.

Additionally, Chairman Miller calls on the Secretary to:

- Launch a public campaign to actively educate students and families about their rights and options when borrowing for college; and
- Make public all records of loan industry meetings with political appointees so that the Congress and the American public better understand who at the Department was being lobbied by the industry.