

March 31, 2009

The Honorable Barack Obama
President of the United States
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500-0005

Dear Mr. President:

The undersigned state treasurers share your interest in making higher education more affordable for the citizens of our states. Many of us administer or sit on the boards of state college savings programs and student aid authorities, so we understand the challenges families face in paying for college. We are writing you with our concerns that the Administration's FY 2010 budget proposal calls for the elimination of a successful financial aid initiative, the Federal Family Education Loan Program (FFELP).

The FFELP has helped millions of students attend college since its inception in 1965. It is a good example of how the federal government can work with states, non-profit organizations, and the private sector to extend the reach of higher education. State guarantee agencies and non-profit lenders do an excellent job of providing financial and support services to students and families with the customer service necessary to help students understand their financial commitments. At a time when other parts of the financial services industry are struggling, these state agency and non-profit student loan lenders have succeeded in reducing default rates and minimizing costs such as origination fees. They also conduct important outreach to students and their families, making it clear that higher education is an achievable goal.

We believe that ending the FFELP as it now exists and administering all federal student loans through the Federal Direct Loan Program would imperil the success of the government's efforts. This change would do away with students' ability to choose from among different lenders. It would be difficult for a new program to quickly match the quality customer service provided by hundreds of local lenders and state agencies. Eliminating the current FFELP would also lead to unemployment of proven, knowledgeable administrators at the state and local levels at a time when states struggle to maintain employment in all sectors.

We appreciate your administration's efforts to explore new methods of helping students achieve their educational goals in a cost-effective manner. However, we respectfully ask that you consider alternatives that include maintaining the successful components of the FFELP.

We would be pleased to participate in this discussion as it moves ahead this year. Thank you for your consideration of our concerns.

Sincerely,

Jerry Burnett, AK

Tim Cahill, MA

Frank Caprio, RI

Richard Ellis, UT

Nancy Kopp, MD

James Lewis, NM

Rob McCord, PA

Joe Meyer, WY

Shane Osborn, NE

Converse Chellis, SC

Kay Ivey, AL

David Lemoine, ME

David Lillard, TN

James McIntire, WA

Richard Mourdock, IN

Tate Reeves, MS

Dawn Marie Sass

Dawn Marie Sass, WI

Jeb Spaulding

Jeb Spaulding, VT

cc: The Honorable Arne Duncan, Secretary of Education
 The Honorable Kent Conrad, United States Senate, Chair Budget Committee
 The Honorable Judd Gregg, United States Senate, Ranking Member Budget Committee
 The Honorable John M. Spratt, Jr., United States House of Representatives, Chair Budget Committee
 The Honorable Paul Ryan, United States House of Representatives, Ranking Member Budget Committee
 The Honorable Edward M. Kennedy, United States Senate, Chair Health, Education, Labor and Pensions Committee
 The Honorable Michael B. Enzi, United States Senate, Ranking Member Health, Education, Labor and Pensions Committee
 The Honorable George Miller, United States House of Representatives, Chair Education and Labor Committee
 The Honorable Howard P. McKeon, United States House of Representatives, Ranking Member Education and Labor Committee