

United States Senate

WASHINGTON, DC 20510-4502

February 26, 2010

The Honorable Tom Harkin, Chairman
The Honorable Michael B. Enzi, Ranking Member
Committee on Health Education Labor and Pensions
428 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Harkin and Senator Enzi,

I understand the Committee on Health, Education, Labor and Pensions is beginning to consider student lending reform. I strongly support the goals of this legislation, which are to save students millions of dollars in fees and interest payments and use that savings toward investments in Pell Grants, school construction, early childhood education and K-12 education. I want to share with you my concerns, however, that the legislation does not contain an adequate role for non-profit state agencies.

Several states have established non-profit state agencies to administer financial aid and to provide their residents and students attending their schools with quality counseling services and low-cost loans. Vermont was a leader in this movement by creating the Vermont Student Assistance Corporation more than 40 years ago, which now employs over 300 people. VSAC has worked hard to establish and maintain strong and longstanding working relationships with Vermont's higher education institutions as well as K-12 schools to provide outreach programs critical to the economic vitality of Vermont. Through innovative programs, VSAC encourages first-generation and low-income students to pursue their career and education goals. Each year more than 47,000 students and parents participate in one or more of their career, education and financial aid programs. In addition, VSAC has been at the forefront of efforts to reach young people with programs that link career ambitions with educational requirements and opportunities.

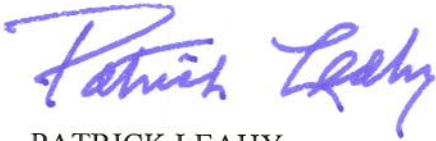
While I am encouraged that the House-passed legislation recognized that non-profit state agencies should have a continued role in serving students and contracting with the U.S. Department of Education, I remain concerned that smaller non-profits like VSAC will still be unable to survive. I believe that is a significant oversight. Vermonters have come to rely on the high quality, comprehensive programs that VSAC offers.

Additionally, financial aid offices in Vermont are apprehensive about making the transition to direct lending by July of this year. A smooth conversion to direct lending will require adequate training and transition time in order to prevent interruptions in financial aid services colleges and universities provide to their students. Nearly every institution of higher education in Vermont

will have to make the conversion to direct lending and a transition date of July 1, 2010 is becoming increasingly unrealistic.

As this proposal makes its way through your Committee and the Senate, I look forward to working with you to ensure a continued role for non-profit state financial aid agencies such as VSAC.

Sincerely,

A handwritten signature in blue ink that reads "Patrick Leahy". The signature is written in a cursive, flowing style.

PATRICK LEAHY
United States Senator