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Remarks of Rep. Rush Holt (NJ-12)
Student Loan Sunshine Act (H.R. 890)
May 9, 2007

Mr. Speaker, I rise in support of H.R. 890, the Student Loan Sunshine Act and I thank Chairman George Miller for bringing this bill to the floor.

With the rising cost of college, students and families are more reliant then ever on student loans to pay for college. At the same time, it is becoming more and more important for these students to earn a college degree to compete for good jobs. U.S. Census data show that, on average, every year of post-secondary education raises a worker's annual earnings, helping the worker to provide for his family as well as to give back to his community. Post-secondary education is becoming more and more important--according to the Bureau of Labor Statistics, the percentage of jobs requiring post-secondary education will rise from 29% in 2000 to 42% by the end of the decade.

Ongoing investigations into the student loan industry have revealed that egregious conflicts of interest and corrupt practices among lenders, schools, and public officials are undermining the student loan programs that millions of borrowers have come to depend on. Just yesterday Theresa Shaw, chief operating officer of the office of federal student aid, resigned from the Department of Education. My own State of New Jersey now has the State Attorney General looking into evidence of agreements between the New Jersey Higher Education Student Assistance Authority and lenders that show lenders paid the agency to market their products to schools.

I am pleased that this bill bans all gifts, participation on advisory boards, and risk-sharing agreements between lenders and schools and requires institutions to disclose all relationships with lenders. The bill ensures that students have access to all lenders of their choice, including those not on the ``Preferred Lender Lists." The bill bans staffing of school financial aid offices by lenders, and ensures that schools process all loans, from any lender, and do not steer students away from their first choice. I am also pleased that the bill requires lenders offering private loans to first inform students of their federal borrowing options, so that the student can get the better federal interest rates.

Too often, when students leave college they are not informed of all their repayment options. The bill requires that all exit counseling is provided with the school's involvement and that they inform students of all of their repayment options.

Students deserve clear, straight-forward information and the bill instills enforceable marketing protections, including disclosures and notifications to students and institutions by lenders offering private loans. This bill gives a student the full picture by requiring lenders and institutions to disclose fully and prominently the terms, conditions, and incentives for all loans.

Again, I look forward to the results of the investigation of the State of New Jersey Attorney General and I thank Chairman Miller for taking these steps to disclose all information about the student loan industry, colleges, and public officials. I ask my colleagues to support this important bill.