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[Direct Student Loan Briefing Book] [binder] [3]

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Loan Origination Update

- Weekly Summary
- Loan Origination Success Stories

U.[illegible] artment of Education
William D. Ford Federal Direct Loan Program
Program-to-Date Direct Loan Origination Statistics
Week ending 10/17/97

Loan Origination

	Number Received	$ Value	% Sub	% Unsub	% PLUS	Number of Sub Loans	Number of Unsub Loans	Number of Plus Loans
Total thru Previous Week	8,302,558	$30,449,928,941	60.20%	32.85%	6.95%	4,998,185	2,727,446	576,927
This Week	58,780	$209,121,908	57.44%	35.18%	7.38%	33,762	20,681	4,337
Total LOS	8,361,338	$30,659,050,849	60.18%	32.87%	6.95%	5,031,947	2,748,127	581,264
% Change	0.71%	0.69%						
Grand Total LOS	8,361,338	$30,659,050,849						

Loan Disbursements from LO (Booked)

						Additional Disbursements			Total Booked	
	Number	$ Value	% Sub	% Unsub	% PLUS	% Origination's Booked	Additional Disbursements	Additional Disbursements	Total Disbursements	Total Disbursements
Total Thru Previous Week	6,541,202	$11,426,625,763	50.98%	26.67%	4.52%	52.33%	5,882,784	$9,252,493,479	12,423,986	$20,679,119,242
This Week	112,088	$194,232,061	0.80%	0.74%	0.08%	2.24%	13,669	$17,967,309	125,757	$212,199,370
Total LOS	6,653,290	$11,620,857,824	50.14%	26.23%	4.45%	51.98%	5,896,453	$9,270,460,788	12,549,743	$20,891,318,612
% Change	1.71%	1.70%					Total With Consolidation			
							Adjustments		(106,750)	($55,129,780)
							Cancellations		(155,585)	($245,447,581)
							Net Total Portfolio		12,287,408	$20,590,741,251
							Grand Total Portfolio LOS		12,287,408	$20,590,741,251

Promissory Notes

	Number	% Rejected
Total Thru Previous Week	7,086,936	0.13%
This Week	92,605	0.01%
Total LOS	7,179,541	0.13%
% Change	1.31%	
Grand Total LOS	7,179,541	

LO Customer Service Activity

	# Inbound Calls	# of Abandoned Calls	% of Abandoned Calls	% Calls Placed on Hold	% of Trunks Busy	# of Letters
Total Thru Previous Week	193,647	5,168	2.67%	43.77%	N/A	255,999
This Week	8,394	34	0.41%	35.01%	N/A	7,472
Total LOS	202,041	5,202	2.57%	43.40%	N/A	263,471
% Change	4.33%	.66%				

Notes:

* Loan Consolidation values have not been included in the total portfolio
* Loan Consolidation data was not included in conversion and is not reflected in Total with Consolidation.
* % Trunks busy data is not available at this time
* Quantity of Total Disbursements in Net Portfolio includes Adjustments

QUESTIONS AND ANSWERS

Loan Origination

Why did the Department change to a new contractor for origination of Direct Loans?

In order to provide for the fast and efficient implementation of the Direct Loan program, two different types of services—*loan origination* and *loan servicing*—were combined into a single contract. This initial contract was won by Computer Data Systems, Inc. (CDSI) who subcontracted to AFSA Data Corporation in Utica, NY. Anticipating that the Department would need multiple servicing contractors by the third year of the program (based on the expected growth of the program as defined by law), the provisions of the contract stated that CDSI would handle loan *origination* and new loan *servicing* for the first two years of the program. The Department was then required to re-bid the loan *origination* functions and the *servicing* functions separately, with the provision that CDSI would continue collections on the loans made in the first two years of the program (and subsequent loans for the same borrowers) for the seven-year life of its contract. All new contracts were awarded under the competitive bidding process required by law, with the new contract for *origination* functions going to EDS.

What is the Department doing to resolve issues resulting from the change in contractors?

Most of the large-scale system problems encountered by EDS have been related to the transition and conversion of approximately 4.5 million records. Staff from the Department and DES are systematically working through these problems with two goals in mind: first, to solve these problems as quickly as possible and, second, to ensure that the data is accurate. Progress is being monitored by senior Department managers through regular briefings and status meetings with DES project staff and corporate officials.

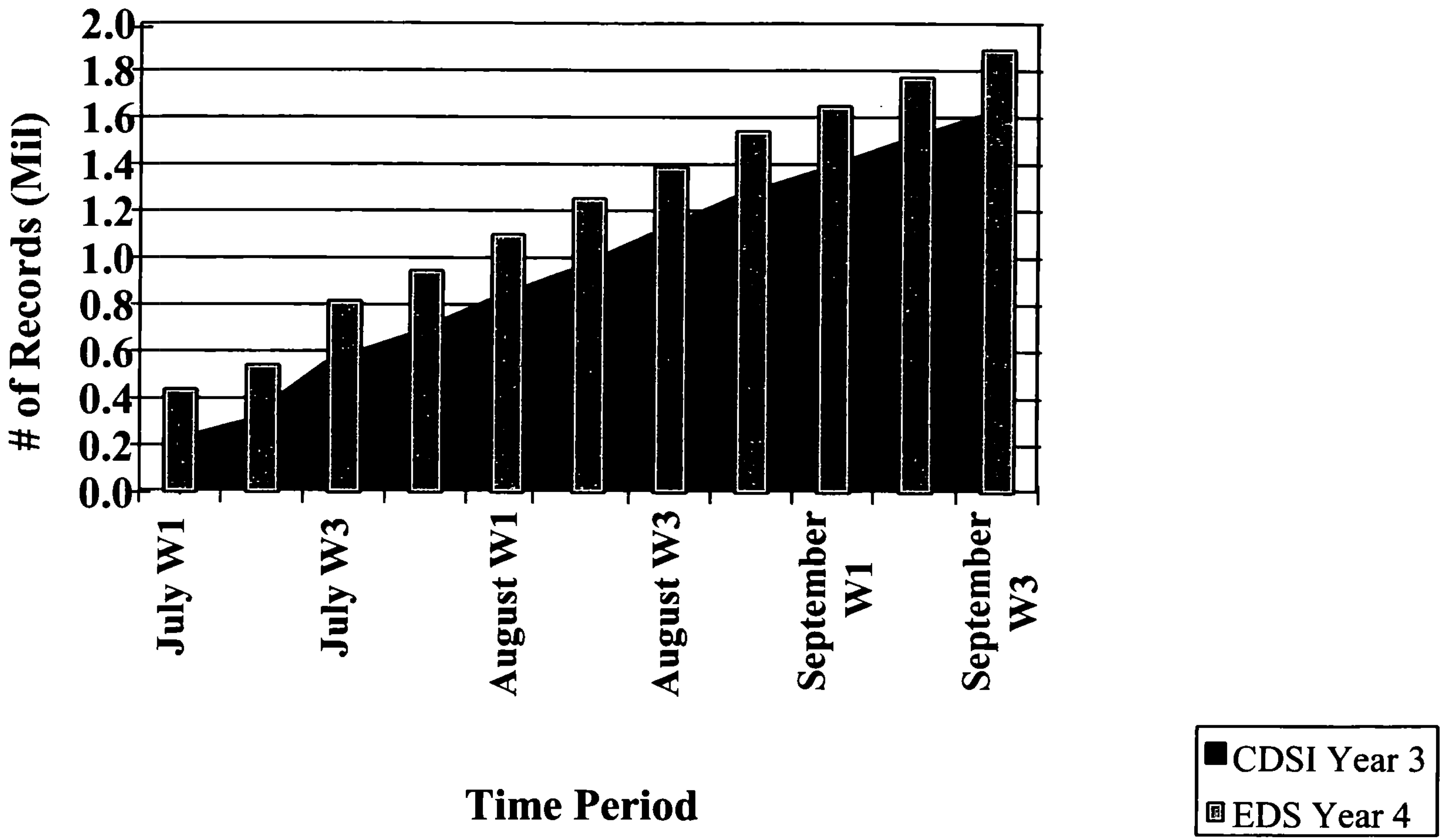
What is the Department doing to improve customer service and the knowledge of the customer service representatives (CSR) who assist Direct Loan borrowers and schools?

The DES customer service representatives are currently receiving training for the fourth year of the program and will continue to be trained on an on-going basis. Borrowers and schools that are dissatisfied with the service they receive can call 1-888-271-1279 toll-free in order to expedite their complaints and concerns.

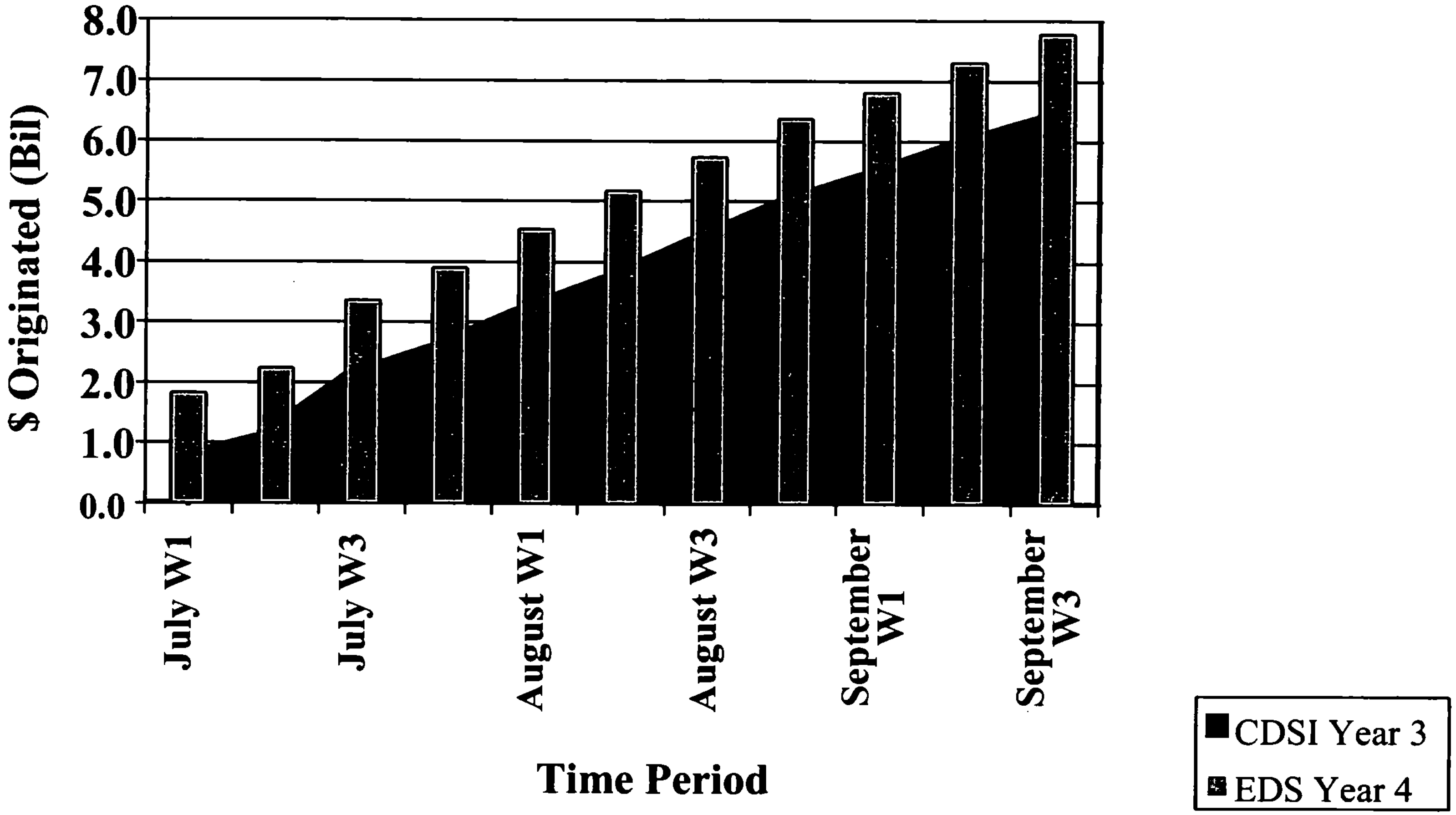
Will all the problems be resolved by the time schools start submitting 1997-98 loan data?

Schools have already begun processing data for the 1997-98 school year. Since this is new data (and therefore has not gone through the conversion process), it appears to date that this data is being processed without the problems previously encountered. Both the Department and EDS are monitoring this process closely.

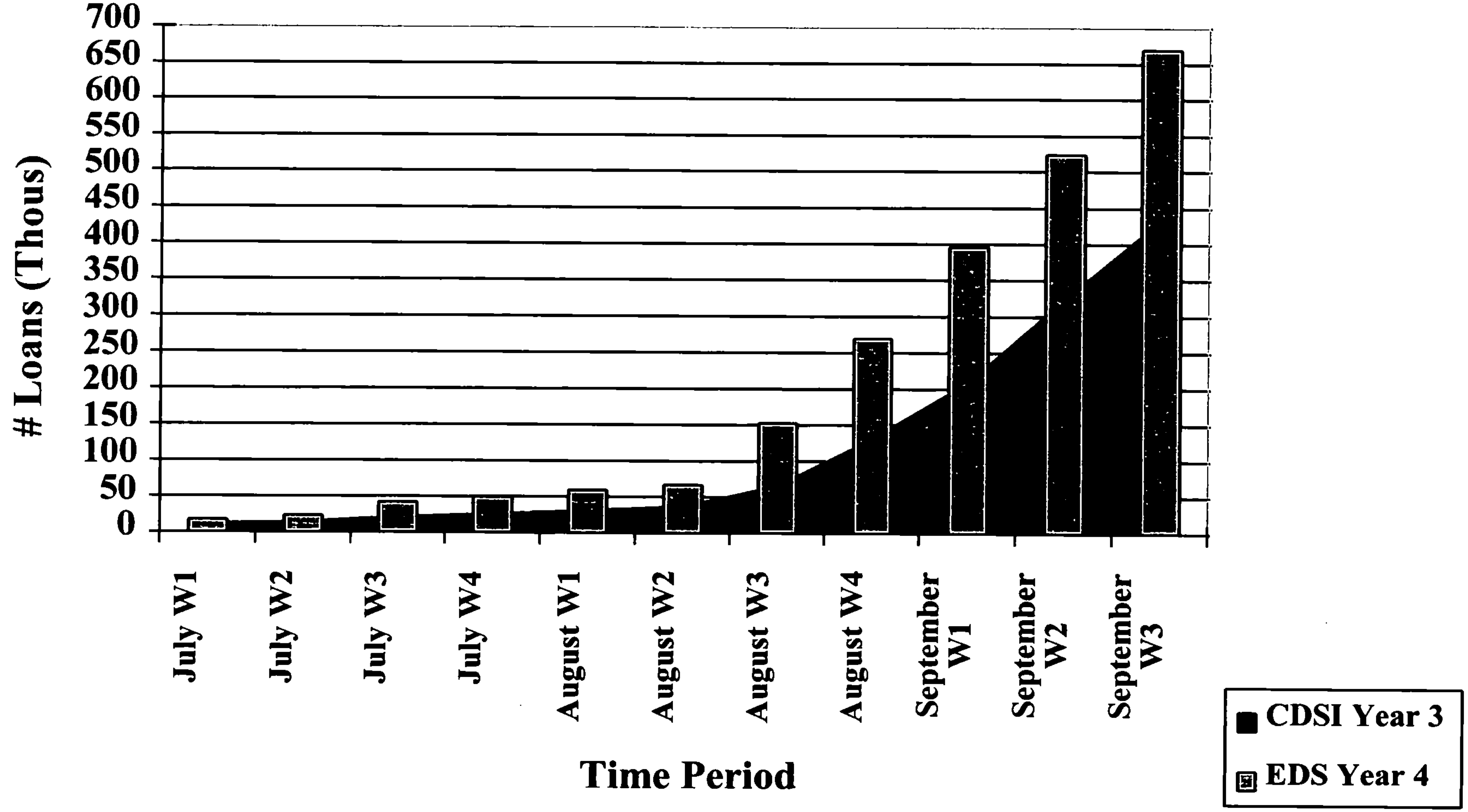
Number of Origination Records Processed for Current Academic Year, EDS Compared to CDSI, This Year to Same Period Last Year



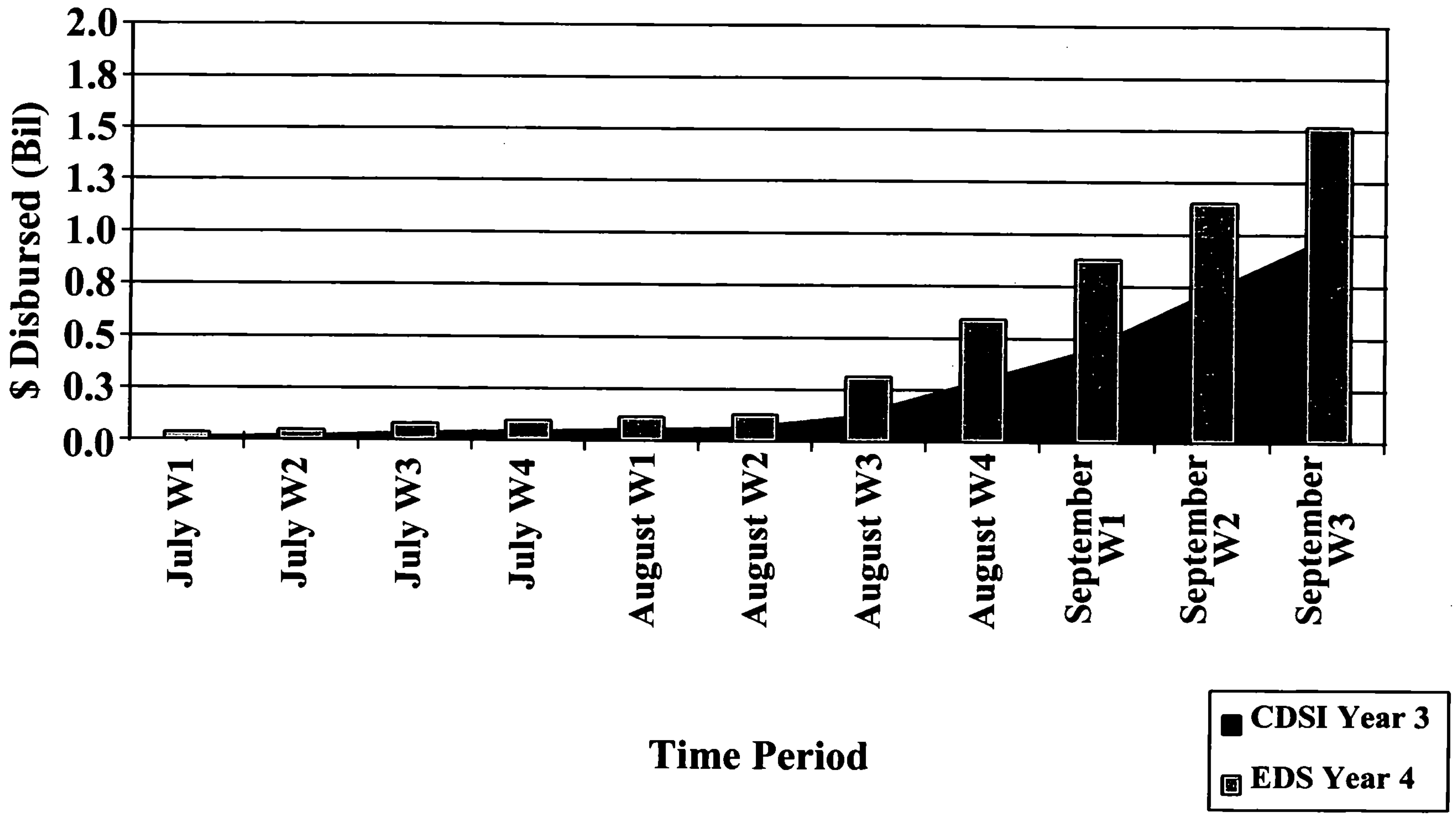
Dollars Originated for Current Academic Year, EDS Compared to CDSI, This Year to Same Period Last Year



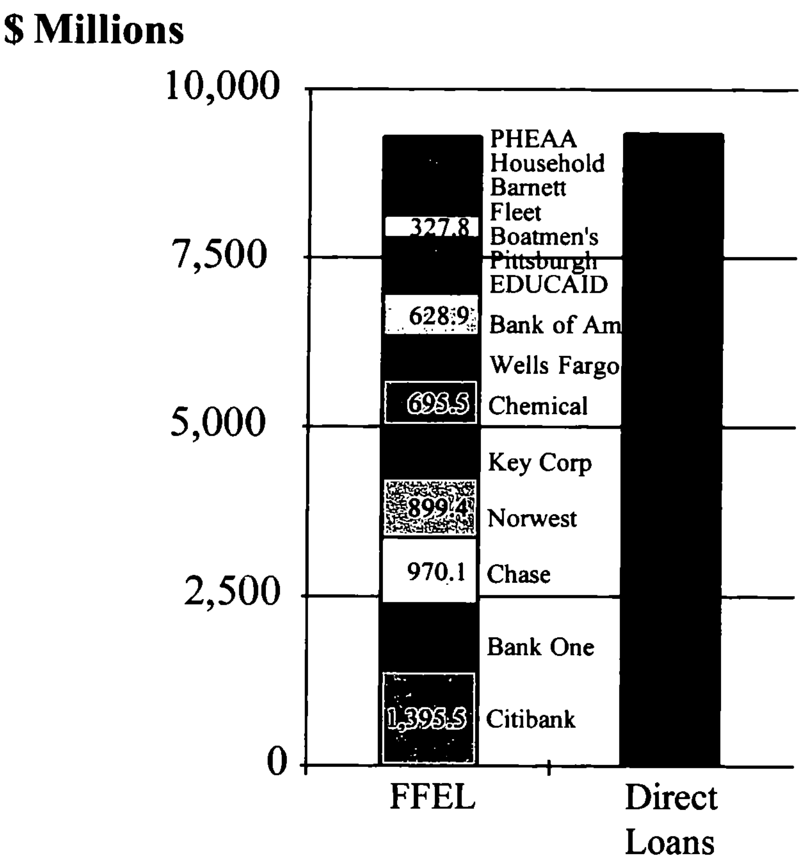
Number of Loans Processed for Current Academic Year, EDS Compared to CDSI, This Year to Same Period Last Year

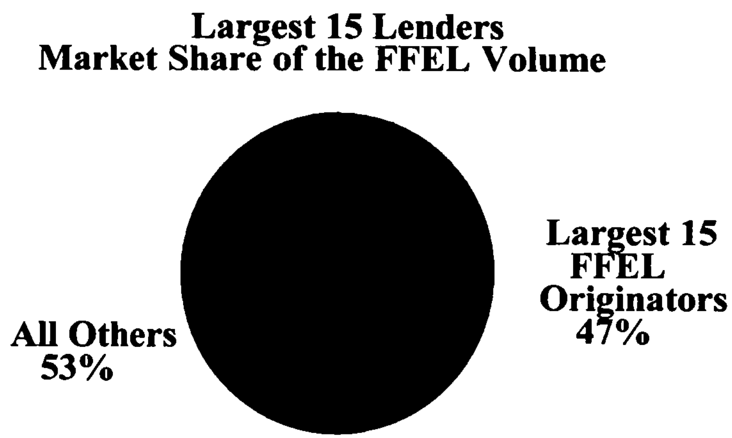


Dollars Disbursed for Current Academic Year, EDS Compared to CDSI, This Year to Same Period Last Year



Largest FFEL Originators in FY 96 Compared to DL





Note: $ Based on Gross Committed Amounts

399TH STORY of Level 1 printed in FULL format.

Roll Call

June 2, 1997

LENGTH: 2107 words

HEADLINE: Direct Loans Are Simpler, Faster, and Better for Students

BYLINE: By Rep. William Clay

BODY:

In less than three years of operation, the Department of Education's Federal Direct Student Loan Program already accounts for one-third of the total student-loan volume. Few new businesses can boast this kind of market share in such a short period of time.

The direct loan program won this significant percentage of the student-loan business because it provides a simpler, faster, and more efficient way to get loans to students. USA Today reported last year that the program's "simplicity has proved hugely popular at colleges across the country."

Each year, more colleges join the program. Today, more than 1,200 campuses, representing more than 1.5 million students, participate in the direct loan program.

Direct Lending Is a Success

Prior to direct lending, schools and borrowers had no choice but to deal with a vast network of middlemen - including more than 7,000 lenders, over 50 guarantee agencies and 44 secondary markets, and dozens of loan servicers. Few students, parents, and colleges could navigate this bureaucratic maze of loan origination, servicing, and collection services.

Students complained that their loans were sold and resold, or contracted out to servicing agencies, sometimes without notice. Colleges received loan funds from different lenders at different times, often with different forms and policies. Delays, errors, and confusion dominated loan processing. Compounding the confusion, colleges also had to deal with multiple guarantee agencies, each with its own procedures and forms.

With direct lending, students get their loan proceeds directly from their schools, usually much faster than through a lender. Upon graduation, borrowers are provided more flexible repayment options that take into account their post-college income. Borrowers only deal with one loan servicer.

Direct lending has made loan administration easier for schools. Loan approvals are given by the Department of Education electronically, often in one day. Recently, Barbara Tornow, the chief student aid officer at Boston University, stated in testimony before the Senate Labor and Human Resources Committee that direct lending was "easier and more efficient" and resulted in a "significant improvement in service to students."

Conversely, under the Federal Family Education Loan Program (FFELP), she complained, poor service by lenders and guarantee agencies delayed student checks, and these entities "had varying degrees of competence and interest in service."

A survey of FFELP and direct lending schools completed earlier this year by Macro International reported that more than 60 percent of direct-lending schools were "very satisfied" with their program, compared with only 25 percent for FFELP schools.

For those schools that participate in both programs, direct-lending is strongly preferred by schools and borrowers. Of the $9.8 billion in loan volume by schools in both programs for the 1996-97 school year, $8.6 billion, or 89 percent, was in direct loans, versus $1.2 billion, or 11 percent, for the FFELP program.

Both proponents and opponents of direct lending agree that the competition created by the Direct Student Loan Program has improved service by some FFELP lenders and guarantee agencies.

Last March, the president of Macalester College in New Jersey, a noted expert on higher education, remarked that "banks and guarantee agencies are alert to the fact that they're working in a competitive environment.... It's important to keep the direct lending program, even though my own college is not currently a participant."

FFELP Is Inefficient

The General Accounting Office has repeatedly criticized the FFELP program because "nearly all the risk of financial losses from loan defaults" is assumed by the federal government. In 1992, the GAO found that "traditional business incentives do not govern the Department of Education's relationship with guarantee agencies." It noted that the department had reimbursed the guarantee agencies for about 99 percent of the $3.6 billion in default claims paid to lenders.

The GAO has also noted that the complex array of lenders and guarantee agencies under the FFELP program makes it impossible to audit them, thus inviting fraud and abuse. The GAO has concluded that direct lending would improve program accountability.

Guarantee agencies have also been cited by the GAO for diverting reserve funds to pay for facilities, furniture, computers, and exorbitant salaries. This March, the Baltimore Sun reported that USA Group, a non-profit guarantee agency, paid its top executive a lavish compensation package worth more than $1 million. The USA headquarters, valued at more than $30 million, reported profits of more than $100 million for 1995. As a student-loan middleman, the guarantee agency incurs little risk, but rakes in millions of dollars through substantial federal government subsidies.

Despite competitive pressures, the inefficiency in the FFELP is perpetuated by special interests. Student loans continue to be a no-risk venture for banks. If there is a default, lenders are reimbursed 98 percent by the federal government. Lenders are also reimbursed interest on loans - not at the 5 percent it costs to borrow- but at a rate of 3.1 percent above the government rate.

My good friend, former Illinois Sen. Paul Simon (D), sharply criticized this process for establishing the program's federal subsidy on the Senate floor last year: "Why do we pay banks 3.1 percent over the Treasury rate? Not because of any market competition that led to the price. Not because of any study by economists, but it is what the lobbyists said the industry could live with."

Competitive pressures have induced some lenders to engage in predatory pricing. For example, lenders have provided select students a discount on loan origination fees or a reduction of interest rates.

The Direct Student Loan Program is not authorized to provide discounts. The funds for discounting are not generated by the efficient operation of private lenders; they come from the overly generous federal cost allowance provided to all lenders, irrespective of their performance.

This practice undermines the student aid program's commitment to provide equal benefits to all students based on financial need. A federal aid program should offer a Columbia University student the same percentage discount it offers a student at Washington University or Dade County Community College.

FFELP Needs Reform

Unlike the FFELP program, the Direct Student Loan Program chooses contractors based on performance. No contractor is given a flat-rate payment, irrespective of performance. President Clinton's fiscal 1998 budget proposes a number of FFELP reform measures that would curtail the cache of entitlements for lenders and guarantee agencies. The measures would reward those participants that provide high-quality services to students and schools and penalize those that do not. Most importantly, the measures strengthen the relationship between the actual cost of providing services and the amount paid by taxpayers.

For example, the federal government pays guarantee agencies 27 percent of any defaulted loan they collect. This is a clear disincentive for agencies to prevent defaults. President Clinton, over the objection of special interests, proposed in his budget to reduce that amount to 18 percent to reflect the true collection costs to the guarantee agencies.

Other budget provisions would reduce the cost allowance for lenders that is currently built into the interest subsidy, take back agency reserves by establishing a performance-based contractual relationship with the Department of Education, and increase risk-sharing for lenders so they have a greater incentive to prevent defaults.

President Clinton's budget also includes a number of measures that would allow the direct loan and FFELP programs to compete with each other more fairly.

Student origination fees would be cut in half, benefiting students and minimizing the opportunity for discriminatory discounting. FFELP lenders would be given more flexibility in designing repayment plans and allow borrowers to use a variety of repayment options after graduation. Automatic payments to guarantee agencies for pre-claims assistance to lenders would be replaced by performance-based payments linked to success in bringing delinquent loans current.

Finally, the President's proposals would create a level playing field for real competition between the two loan programs. If we can ensure equivalent ground rules for both programs, families will have real, open competition and genuine choices.

Direct Lending Saves

Taxpayers Money

The desirability of making the student aid program more cost efficient has always been a major advantage of the Direct Student Loan Program. In 1992, the GAO predicted that the program could "save billions" if properly implemented. The Department of Education calculates that for each $1,000 loaned, the federal government subsidizes the FFELP program by $110, compared with only $55 for the direct loan program.

In the fiscal 1996 budget resolution, Republicans rigged the budget scoring rules to mask savings by the direct loan program. It singled out the direct loan program to be scored using special rules that unfairly inflated its cost compared with the cost of the FFELP program. An independent scoring rule analysis recently demonstrated a substantial savings by moving to direct lending.

As Congress begins consideration of the Higher Education Act reauthorization, I am hopeful that we can avoid a bitter partisan fight over the Direct Student Loan Program. This will help us to focus all our attention on the vital task of making higher education more accessible and affordable for all Americans.

Rep. William Clay (D-Mo) is the ranking member of the Education and the Workforce Committee.

LANGUAGE: ENGLISH

LOAD-DATE: June 3, 1997

Quotes

On the New Loan Origination System ...

Dear Mr. McCormick:

Ascension College became a Year 2, Option 2, Direct Loan School in the 95-96 fiscal year with 100% participation for our student loans.

The school has also participated in the Department of Education's Quality Assurance Program since 1996 and is the only Quality Assurance school in Louisiana.

Since being associated with the Direct Loan program, the Financial Aid Department of Ascension College has found the origination process to be much less complicated than the FFEL program. Frequent training programs have assisted our staff in the understanding and implementation of Direct Lending.

I wish to compliment Ms. Norma Stephens, Accounting, with the Loan Origination Center in Montgomery. Alabama for her excellent assistance with our origination and reconciliation records. Because of her thorough knowledge of Direct Lending. Ms. Stephens' explanations have been detailed and easy to follow. Ms. Stephens and also Ms. Tara Wilson, our school representative at LOC, have always been very courteous and helpful each time we have requested their assistance.

We have enjoyed our affiliation with this program and look forward to working with the government's Direct Loan Program for many years to come.

Midge Jacobson
President/Administrator
Ascension College
Gonzales, Louisiana
October, 1997

Quotes

On the New Loan Origination System ...

"As for the problems with the transition to the new loan origination system, I am still a very strong advocate of Direct Loans. I know that when the Norstar and Great Lakes Guarantee Agencies serving FFELP borrowers in the upper Midwest merged this past year they experienced the same problems that the Direct Loan program experienced when the Direct Loan origination services moved from Utica, NY to Montgomery, AL due to a change in contractors. There was a drop in the level of service, but they were committed to providing good service and their service came back to the same level of service before the transition. I think Direct Loans is committed to providing good service. Gustavus Adolphus College had a very good Fall. It was no different this year than other years. Those who are inclined to be critical of direct lending should talk with people in the grassroots -- people who are working directly with the program."

Paul G. Aasen
Director of Financial Aid
Gustavus Adolphus College
St. Peter, Minnesota
October, 1997

"Given the difficult transition to a new origination center for Direct Loans, it has become more apparent than before why direct lending is a superior program. The school controls the process so that when disruptions occur, we are able to develop a 'work-around' that makes the system problems transparent to the borrowers. It is so important to deliver funds when students need the proceeds. The Direct Loan Program gives us that flexibility."

Carolyn M. Sabatino
Director of Financial Aid
Ohio University
Athens, Ohio
October, 1997

Quotes

On the New Loan Origination System ...

"The most impressive aspects of the LOC facility are the people. It is very apparent that that is a dedicated group of people who are committed to making the Direct Loan program work. We came away from our visit very optimistic that the program will indeed continue to prosper and succeed."

Ed Vignoul
National Direct Student Loan Coalition
Steering Committee

"I would like to than the CSRs I met with for helping Tuskegee University and six of my other schools resolve outstanding processing problems. The CSRs were very knowledgeable, courteous, and helpful."

Chris Lee
Client Account Manager

Clinton Presidential Records
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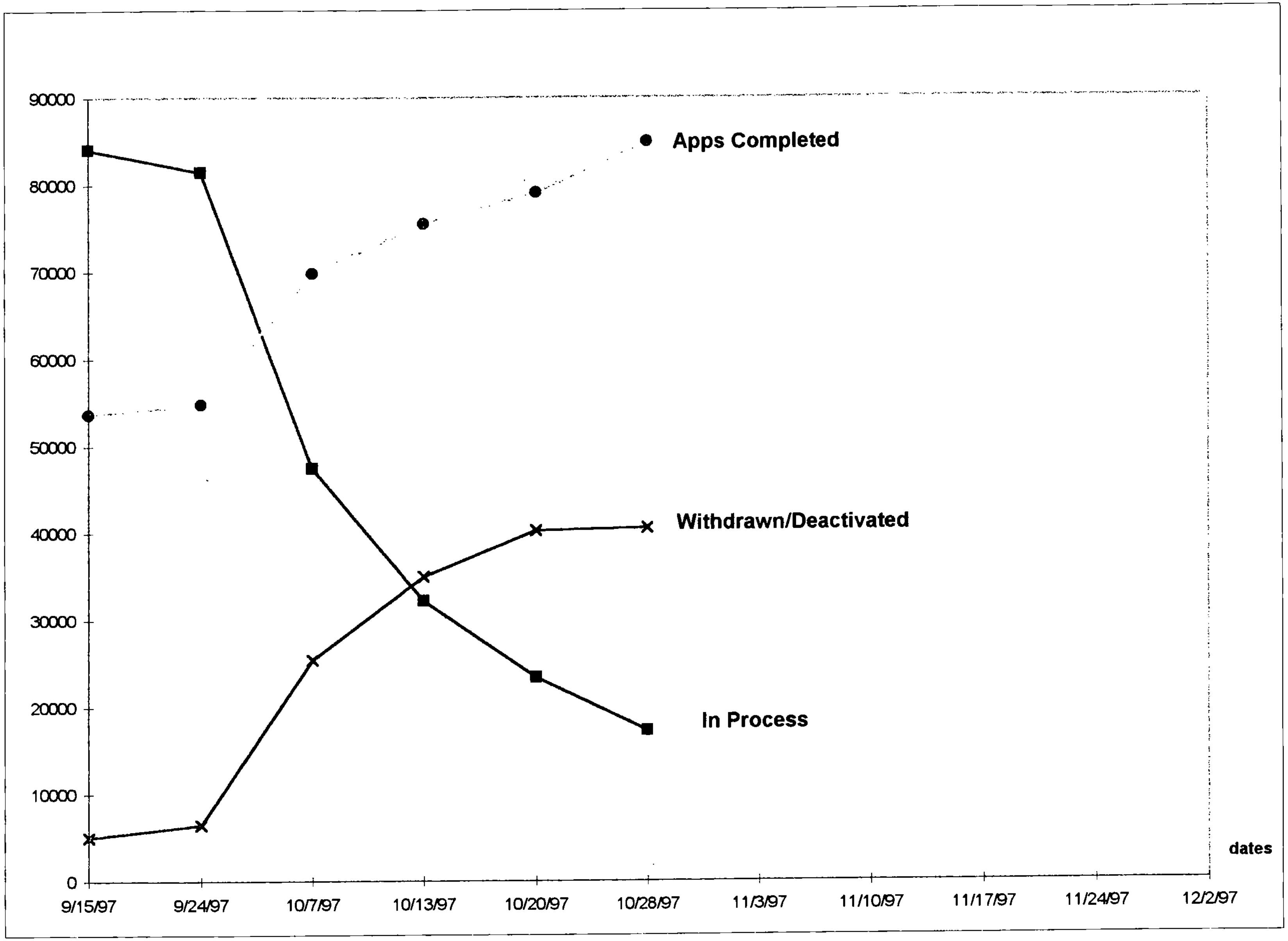
This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **Consolidation**

Loan Consolidation Update

- Processing Trends
- Weekly Summary
- Overview of Progress to Date
- Description of Loan Consolidation

Direct Loan Consolı on Processing Trends
as of 10/28/97



Status of Loan Consolidation Applications Received by EDS			
Number of Consolidation Applications	9/15/97 data reported in 9/18/97 testimony	Through Monday 10/27/97*	Progress Since Testimony
Received	142,856	142,856	NA
In Process	84,078	17,281**	-66,797
Step 1: Seeking complete application if incomplete	12,844	0	-12,844
Step 2: Obtaining lender information	34,963	760	-34,203
Step 3: In underwriting process	13,642	492	-13,150
Step 4: Obtaining signed promissory note from borrower	22,629	13,802	-8,827
Processing reactivated applications	0	2,227**	+2,227
Withdrawn/Deactivated	5,067	40,600**	+35,533
Completed (Consolidated)	53,711	84,975**	+31,264

The October 27, 1997 figures indicate EDS is on track to complete the pending applications and resume accepting new applications by December 1, 1997.
EDS has now reduced the outstanding inventory by 79% since September 15, 1997.
The number of consolidated loans has increased 58% since September 15, 1997.

* The October 27, 1997 figures do not include any new records created by EDS as part of its quality control process to resolve conflicting information.

** To date, EDS has reactivated 4,253 applications that were previously deactivated. The 4,253 reactivated applications are not included in the 40,600 withdrawn/deactivated applications. Nearly half (2,026) of the reactivated applications were consolidated this past week and are included in the 84,975 consolidated applications. The remaining 2,227 reactivated applications are being processed and are included in the 17,281 "in process" applications.

U.S. Department of Education
October 28, 1997

	Status of Direct Loan Consolidation Applications as of October 21, 1997						
				PENDING APPLICATIONS			
	Applications Received by Month	Applications Consolidated	Applications Withdrawn or Deactivated	Total Applications Pending	Awaiting Lender Information	Awaiting EDS Underwriting	Awaiting Signed P-Note
1996							
Prior	44	39	0	5	2	0	3
September	1,171	646	378	147	7	23	117
October	10,600	6,371	2830	1,399	121	132	1,146
November	10,911	6,866	2652	1,393	154	109	1,130
December	17,302	11,273	3906	2,123	179	164	1,780
1997							
January	12,299	7,873	2824	1,602	112	160	1,330
February	12,044	7,165	3043	1,836	145	130	1,561
March	9,411	5,559	2369	1,483	104	157	1,222
April	14,627	8,051	3726	2,850	316	234	2,300
May	12,541	6,945	2949	2,647	360	232	2,055
June	10,335	5,967	2136	2,232	293	218	1,721
July	11,813	6,712	2474	2,627	309	175	2,143
August	10,517	5,621	1973	2,923	399	244	2,280
September	228	56	40	132	25	20	87
Sub Totals	**133,843**	**79,144**	**31,300**	**23,399**	**2,526**	**1,998**	**18,875**
Incomplete Applications	**2**						
Incomplete Cancelled	**9,011**						
Total Applications	**142,856**						
Re-Activations							
October	800			800	12	22	766

Student Loan Consolidation

A Basic Description of the Federal Consolidation Loan Programs*

WHAT IS LOAN CONSOLIDATION?

The Higher Education Act (HEA) provides for a loan consolidation program under both FFEL and Direct Loans. Under these programs, a borrower's underlying loans are paid off and a new consolidation loan is created. These programs simplify loan repayment by combining into one new loan several types of Federal education loans that may have different terms and repayment schedules or may have been made by different lenders. In the case of a Direct Loan consolidation, the interest rate may be lower than on one or more of the underlying loans. In both programs the monthly repayment amount on a consolidation loan is usually lower and the amount of time to repay may be extended beyond what was available in the separate loan programs. These features should result in more manageable debt, and make borrowers less prone to default.

WHAT LOANS MAY BE CONSOLIDATED?

Loans that may be consolidated under both the FFEL and Direct Loan consolidation programs include:

- Student loans made under FFEL (subsidized, unsubsidized, SLS, GSL, ALAS, and FISL).

  Note: A prior FFEL loan may be included in a Direct Consolidation Loan only if the borrower is unable to obtain an FFEL Consolidation loan with income-sensitive repayment terms that are acceptable

- Federal Perkins Loans (including National Defense and National Direct Student Loans)
- Health related education loans including Health Professions Student Loans (HPSL), Health Education Assistance Loans (HEAL), Nursing Student Loans (NSL), and Loans for Disadvantaged Students (LDS).
- Loans made under the FFEL PLUS program
- Prior FFEL Consolidation loans

In addition to the loan types noted above, the law allows only the Federal Direct Consolidation Loan Program to consolidate Direct Loans. These include:

- Subsidized student loans
- Unsubsidized student loans
- Direct PLUS loans
- Prior Direct Consolidation loans

These Direct Loans may not be consolidated under the FFEL program.

WHAT ARE THE DIFFERENCES BETWEEN FFEL AND DIRECT LOAN CONSOLIDATION?

Even though the HEA authorizes both FFEL and Direct Loan consolidation programs, there are a number of differences between the programs as noted below:

Types of Loans
As noted above, both programs may consolidate FFEL, Perkins, and the health education loans, but only the Direct Loan program may consolidate Direct Loans.

Lender Options
The Direct Loan consolidation program must accept all eligible loans that are requested to be consolidated by an eligible borrower. However, not all FFEL Consolidation lenders will include non-FFEL loans in consolidation. For example, some FFEL lenders will not include a HEAL loan in their FFEL Consolidation loans but instead may offer a separate HEAL consolidation loan with different terms.

Interest Rate
The interest rate on a FFEL Consolidation Loan is the weighted average of the original interest rates of the consolidated loans rounded up to the nearest whole percent. The interest rate on Federal Direct Consolidation loans is variable but capped at 8.25% (or 9% for Direct Plus Consolidation loans).

Loan Benefits
Federal Direct Consolidation loans retain the underlying loan types so that a borrower can keep the interest subsidy benefit of the subsidized student loans that were in the consolidation. For example, if the borrower returns to school, the portion of the consolidation loan that represented subsidized loans would receive subsidy benefits. However, FFEL Consolidation loans, that paid off both subsidized and unsubsidized loans, lose their identity and the entire loan becomes unsubsidized.

Repayment Plans
FFEL Consolidation lenders are required to offer to the borrower a standard repayment plan, a graduated repayment plan, and an income-sensitive repayment plan. The details of those plans may differ by FFEL lender.

The repayment plans in the Direct Loan program include standard repayment, graduated repayment, extended repayment, and income-contingent repayment. The terms of income contingent repayment are provided in regulations. The monthly payment amount is based upon a formula that takes into account the borrower's income, family size, and loan amount. Under income contingent repayment, balances unpaid after 25 years are forgiven. Many borrowers choose Direct Loan consolidation precisely because it provides them with the option of repaying under the income contingent repayment plan.

Assistance for Defaulted Borrowers
FFEL lenders may choose not to make consolidation loans to borrowers who have defaulted on prior loans or not allow them to include a defaulted loan in the consolidation. The Direct Loan program has options for a defaulted borrower to consolidate and regain eligibility for Federal student aid.

In-school Consolidation
FFEL Consolidation borrowers may not consolidate until they leave school and all their loans are in grace or in repayment. However, Direct Loan Consolidation is available to borrowers who have loans that have entered neither grace nor repayment.

A student with only FFEL loans who is enrolled half-time or more is eligible for in-school consolidation through Direct Loan consolidation if attending a Direct Loan school; a student with one or more Direct loans is eligible for in-school consolidation whether or not currently attending a Direct Loan school.

This document provides a basic description of the federal student loan consolidation programs and does not include all the possibilities and variations in the programs. Its intent is to make readers aware of the general nature of these consolidation programs.

Quotes

On the Direct Loan Consolidation Program...

I found Barmak's comments interesting as usual. Unfortunately, I find it somewhat hard to believe that the long term interests are our students is the motivation behind the Emergency Loan Consolidation Act. It seems to me that this is partisan football and I am surprised that anyone would cloak it in the garb of student interests.

We seem to forget that FFELP was becoming an unmanageble imbroglio before the healthy competition of the DL program. Have student's been harmed by the DL consolidation problems -- most certainly they have. Were students harmed by unresponsive FFELP servicers before DL -- most certainly they were.

Don't get me wrong, I am glad that there are "ED watchers" like Barmak out there. I just wonder why it was necessary to attack the management ability of some very good people at the department -- some of whom came out of the aid community and, at least in my view, are trying to move the relationship between schools and the department into a more cooperative partnership.

I think the problems students face during the borrowing,servicing, and repayment/consolidation processes stem from systemic faults in the aid delivery process. We start with the paradox of a national goal of educating all of our population by making paupers out of our college students who leave their respective schools with debts that will affect their disposable incomes for much of their working lives. We fail to recognize the long term costs of managing student loan problems versus the costs of funding Pell and CB programs at levels consistent with our national goals. Finally, schools and students share the responsibility because many of us, in trying to keep up with the administrative burden of deliverying aid to students, find it easy to make trade-offs (such as I did with the experimental sites program by opting out of entrance interviews for loans) that make it easier for students to borrow while they themselves sign promissory notes without thinking of tomorrow and the huge debts they will have -- then they seem surprised to find out that they have borrowed so much when they leave school and receive their exit interview materials.

I hope that Barmak et. al. will continue to support student interests -- which, again in my view, are not served well by partisan politics.

Samuel Collie
Director of Student Financial Aid
Portland State University
Portland, OR

Quotes

From Direct Consolidation Loan Customers...

Dear Ms. Spargo,

Thank you for your swift response. You have alleviated some of the stress in my life. While it may sound exaggerated, I always find that when someone does his/her job well it helps to build my faith in mankind.

Hope your day goes well.

Mr. George Steenrod
steenrod@delphi.com
September, 1997

Dear Ms. Brown:

Permit me to thank you for the considerate time which you took to respond to my inquiries regarding William D. Ford Direct consolidation.

Before I received your Sept. 5, 1997 letter in response, I sent a final batch of questions to Orlo Burch in Utica and a copy to Montgomery, Alabama for research and response.

I will share your answers with my friends, fellow students & my financial aid advisor. I feel this is a working program that may expand the opportunity for higher education.

Thank you again for your timely and considerate response.

Mr. John Young
Helena, Montana
September, 1997

Quotes

From Direct Consolidation Loan Customers ...

"I did mail them back the same day.....and I can't thank you enough for staying on top of this and for all your help. This may sound sarcastic, but I truly mean this, if everybody that worked for our government gave as much attention to there job as you do, our government would be in much better shape.......Thanks a million!!!"

Mr. Al Stenner
al.stenner@bigfoot.com
September, 1997

Miscellaneous

"I think Direct Lending is the best thing that could have happened to the guaranteed student loan program, because now one program wants to look better than the other, and that's a good thing. They're vying with each other to look more consumer-friendly, and we have been able to achieve some very nice things for consumers through that competition."

Elizabeth Imholtz
Consumer Activist and Attorney in
The Guerrilla Guide to Mastering
Student Loan Debt Harper Perennial
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Divider Title: **Servicing**

Loan Servicing Update

- **Loan Servicers Update**
- **What's New for Direct Loan Servicing**
- **Questions & Answers**

WHAT'S NEW FOR DIRECT LOAN SERVICING IN 98-99

Year - 5 EDE Software

- **HEAL Loan Indicator** - An indicator to identify Title IV loans whose loan limits meet HEAL loan requirements.
- **Dependency Status** - An alpha identifier indicating dependent/independent status of the Title IV loan borrower.
- **Anticipated Completion Date Edit** - To protect against Direct Loan borrower anticipated completion dates being set more than 10 years into the future from the "Loan Period End Date" of the Direct Loan.

Electronic Delinquency Reporting

- In conjunction with EDE, DL will be reporting delinquent borrowers to schools (a default prevention tool). The report will be sent to institutions through Title IV WAN (instead of current paper reports).

Electronic Debit Authorization

- Permits Direct Loan borrowers to establish automatic, monthly debiting of their checking accounts to make monthly payments.
- Expected availability: Spring, 1998

Web Site for Direct Loan Borrowers

- Creating a Web site, accessible through the Department's Direct Loan Web page.
- Initially, basic borrower account information.
- Future enhancements: Updating of borrower demographics, Request forbearance & deferment forms, alternative repayment vehicles (e.g., credit or debit card).
- Continuous improvement via coordination with schools and borrowers.

CUSTOMER SERVICE ISSUES

Cohort Default Rate Process

- Provide loan-level data to NSLDS for use in cohort default rate calculations twice yearly (Draft and Official).
- Direct Loan Servicers responsible for assisting schools in the research, and potential correction of errant Direct Loan data used in a school's cohort default rate.

Student Status Confirmation Report (SSCR) Process

- Changed to correctly collect and store the student "Enrollment Status Effective Date."
- Continuing to correct data anomalies encountered that prevent timely updating of borrower records.
- DL has enhanced SSCR processing to substantially increase the quantity of borrower record changes being applied to the Direct Loan Servicing database.

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Direct Loans
William D. Ford Federal Direct Loan Program

UNITED STATES DEPARTMENT OF EDUCATION
DIRECT LOAN TASK FORCE
Telephone (202) 708-9951 Facsimile (202) 401-3424

October 1, 1997

Dear Colleague:

As you know, our current Direct Loan servicer is CDSI/AFSA. Servicing includes a wide range of activities that are separate from origination and consolidation: maintaining borrower account information, processing payments, tracking delinquent and defaulted borrowers, and reporting to credit bureaus. Until recently, we were in the process of bringing up three additional contractors for Direct Loan Servicing.

The Department has now decided to remain with CDSI/AFSA as the servicer for all Direct Loans. We believe this is the best management decision, based on servicing capacity, cost, and efficient oversight and contract management.

CDSI/AFSA has established a strong record of performance in providing Direct Loan servicing over the first three years of the program. The decision to decline to exercise the option to extend the three additional contracts will not affect current or future Direct Loan origination, including consolidation, or the quality of current or future Direct Loan servicing. Electronic Data Systems (EDS) continues to be the Direct Loan originator and consolidator. As of September 19, 1997, EDS has originated 1.9 million loans in the amount of $7.8 billion for the 1997-98 academic year. CDSI/AFSA, which is currently servicing 900,000 borrowers who are in repayment on $6.8 billion dollars, has sufficient capacity to continue to service all Direct Loan borrowers in the near future. We will expand serving capacity as necessary to maintain a quality customer service to Direct Loan borrowers.

While the Direct Loan program has grown phenomenally over its first three years and now accounts for about a third of the overall student loan market, the Department now estimates future growth will be lower than the legislative goals set in 1993. As a result, the three new servicer contracts would have resulted in more servicing capacity, and corresponding higher costs to taxpayers, than will be needed in the near future.

Therefore, on August 1, 1997, the Department formally notified the three new private-sector contractors for Direct Loan servicing that it was likely that one or more of their contracts, which were awarded in September 1996, would not be extended on October 1, 1997. None of these three contracts had yet begun to service loans because they had not completed all testing.

600 Independence Avenue, S.W. Washington, DC 20202-5162

Today, the Department notified these three contractors that the Department is declining to exercise the options to extend their contracts. The three affected contractors are Electronic Data Systems (EDS) and its subcontractor, Kentucky Higher Education Loan Servicing Corporation; E-Systems and its subcontractor, Great Lakes Higher Education Corporation; and USA Group and its subcontractors, CDSI/AFSA.

Expanding capacity at the current servicer, CDSI/AFSA, rather than bringing additional systems on-line, will greatly simplify Direct Loan systems and processes, freeing up Department resources to focus on providing the most efficient, cost-effective service possible for students, parents, and schools. Having only a single Direct Loan servicer for the near future will result in volume discounts and eliminate payments for separate facilities, staff, and on-going development.

We will continue to work with EDS, our current Direct Loan originator and consolidator, and CDSI/AFSA, our current Direct Loan servicer, to provide quality customer service, the hallmark of the Direct Loan program. We welcome your suggestions for continuous improvements and look forward to working with you throughout another successful year.

Sincerely,

Joe L. McCormick

Joe McCormick
Chair, Direct Loan Task Force

QUESTIONS AND ANSWERS

Loan Servicing

Who are the loan servicers for the Direct Loan Program?

Computer Data Systems, Inc. (CDSI) in conjunction with AFSA Data Corporation was awarded the contract for servicing of loans.

How do the loan servicing functions differ from the origination functions?

Two types of processing are required for all student loans: the initial origination of the loan and the subsequent servicing of the loan. *Origination* involves the processing of the loan application, the promissory note and the initial disbursement of funds. *Servicing* involves the accrual of interest, repayment and collection phase of the loan.

There has always been only one contractor to handle both origination and servicing now that there will be different contractors for origination and servicing, do you expect to have the same conversion problems you had with the transition to the new loan origination system?

No. The conversion of the origination functions from CDSI/AFSA to EDS required that the data be transferred *and converted* from one system to the other. In terms of the having a different loan servicer, no conversion of data is required because only new loans will be serviced at these facilities. The new loans will simply move through the central database to the servicing system.

Will a borrower ever have more than one servicer?

No. The borrower will have only one point of contact. All of a borrower's loans will be assigned to the same Direct Loan servicer.

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Divider Title: **FFELP Issues / Data**

FFELP Issues and Data

- **FFELP Portfolio Data**
- **Guaranty Agency and Lender Issues**
  - **Related Press Stories**

- DAL Should Review

GUARANTY AGENCY ISSUES

- Can't we Name Names?

A. General Problems

1. ED's ability to manage the default initiative was nearly derailed as a result of poor data management at guaranty agencies. Problems occurred from late 1980s on. Many institutions of higher education were required to spend hours of time attempting to get guaranty agencies to correct erroneous data that threatened their eligibility for the student loan programs.

2. A number of agencies and servicers underwent systems conversions in the 1980s that went awry with major consequences to borrowers. [See the loan servicer example below.]

3. The ED Inspector General's Semiannual Report to Congress (October 1, 1996 - March 31, 1997) noted that guaranty agencies improperly retained or had not refunded over $6 million relating to overcharges to FFELP for operational costs of state programs and excess collection costs as a result of federal consolidation loan payoffs. An earlier 1995 IG report identified a guaranty agency as erroneously reporting consolidated loans as collections and retaining excessive FCL payments.

B. Agency Specific Problems

Guaranty Agency 1
Time Period: Last Ten Years

Problems: pervasive systems, operational and data problems affecting tens of thousands of students. Examples: canceled loans remaining in the system long after they were canceled; misidentified loans (loans attributed to wrong students); late claim payments; failure to perform due diligence. Major problems consequently with the default data reported to ED. ED assessed a liability of $250 million.

An IG audit in 1993 found that the guaranty agency had overstated its loans in repayment by more than $1.5 billion, about $1 billion of which was caused by erroneous data in computerized records. As a result, the agency was overpaid about $16.4 million for its reinsurance claims.

Guaranty Agency 2
Time Period: 1990

Problem: In an effort to expand outside their base, this agency became financially insolvent because of its policy of readily guaranteeing loans to high-default institutions that were having problems getting guarantees within their state's designated guaranty agency.

After expending enormous resources over a three year period to liquidate the agency, ED recovered $300 million in agency reserves. ED had to take over the agency's defaulted paper (est. $1 billion).

Guaranty Agency 3
Time Period: 1996

Problem: Reported loan balances to ED that were 100 times the actual balance, e.g. a balance of $2635 became $262,500.

Note: ED's system would not identify the error as some loan balances are actually six figure amounts.

Guaranty Agency 4
Time Period: 1997

Problem: In cases involving students with multiple transactions, this agency's system could not adequately accommodate information about individual disbursements, and the guaranty agency consequently made hand calculations. The calculations of disbursement amounts were often erroneous, thereby inflating the total balance owed by borrowers.

Guaranty Agency 5
Time period: 1997

Problem: Borrowers pay off total amount of defaulted loans(s). The agency corrects the loan balance file but makes no change to the borrowers' default records. Consequently hundreds of borrowers who are not in default continue to show up as defaulted.

Guaranty Agency 6
Time Period: 1997 (?)

Problems: Borrowers pay off total amount of defaulted loans(s). The guaranty agency corrects the record containing the loan balance but does not correct the record showing borrowers in default.

Guaranty Agency 7
Time Period: Late 1980s

Problems: Agency's inability to reconcile its records becomes evident when it shares data with ED regarding institutional default rates. After three years, the agency finally admits it simply cannot reconcile its records.

Loan Servicer 1
Time Period: 1994

Problem: In an effort to convert from one system to another, this servicer experienced major conversion problems. As a result, its new system failed to identify correctly those borrowers who were in deferment or forbearance. Thousands of students were shown as defaulters when they actually had deferments or were in forbearance. ED first heard of problem when a reporter who was also a borrower called to say she was receiving dunning notices. Only when ED demanded that the servicer correct its records and notify students was it finally persuaded to do so.

GSLP: A History of Problems

Carnegie Commission Report	Secretary Califano Testimony	Belmont Task Force	Senate Subcommittee Report
1975	**1979**	**1988**	**1991**
high defaults	high defaults	high defaults	high defaults
limited access	limited access		proprietary schools
proprietary schools	fraud & abuse	loan/grant imbalance	fraud & abuse
GSLP Costs	GSLP Costs	GSLP Costs	GSLP Costs
	program complexity	program complexity	program complexity
	debt burden		mismanage-ment

Figure 8: Major Problems of the GSLP

Getting the Third Degree

BUREAUCRATIC BUMBLING. ANTIQUATED COMPUTER SYSTEMS GONE WILD. MISPLACED PAPERWORK. THUGGISH COLLECTION AGENCIES. JUST ANOTHER DAY IN THE STUDENT-LOAN BUSINESS.

By Devin Leonard

IT BEGINS SIMPLY ENOUGH, AS MOST NIGHTMARES DO. You go off to college, financed in part by your summer jobs, your parents' savings and—as a final resort—some low-interest college loans guaranteed by the government. The amount of that borrowing may be small—in 1993 the average undergrad borrowed about $3,300 a year to get through college—or it may be huge, like the $69,000 many medical-school students have to take out in loans. But like millions of people before you, you fill out the forms, try to keep track of how much you owe and then—once you've finished your degree—start the laborious process of paying the government back.

And that's where the nightmare kicks in. Small things start to go wrong. A letter explaining you've gone on to graduate school—thereby granting you a deferral on your payments—gets lost in the bureaucratic maw of the loan industry. Perhaps your bank's computer system mysteriously starts rejecting your electronic payments. Or maybe your address is entered incorrectly and your lender can't track you down. Suddenly, the industry has a name for you, a name you'll find hard to shake for what may seem like an eternity, a name that could haunt you every time you try to get a mortgage or even a credit card.

Deadbeat.

Far-fetched? Far from it. Just ask David Anderholm. In 1993, Anderholm, a fourth-year psychiatric resident, thought he'd squared everything away before moving to Scottsdale, Ariz., for a two-month stint at the city's Mayo Clinic. He and his wife, Julie, arranged for neighbors to water the plants at their Rochester, Minn., home and

PHOTOGRAPHS BY DANIEL BORRIS

dropped off Alice the dog at his brother's. Moreover, Anderholm had taken special care with his student loans, which were being handled by EduServ Technologies, a Minnesota loan servicer. Anderholm, 30, didn't have to start paying back his loans until he finished his medical education. But once a year, he had to send forms reminding EduServ that he was still a medical student. Lately, he'd been having trouble with the company, which kept telling him it hadn't received his letters.

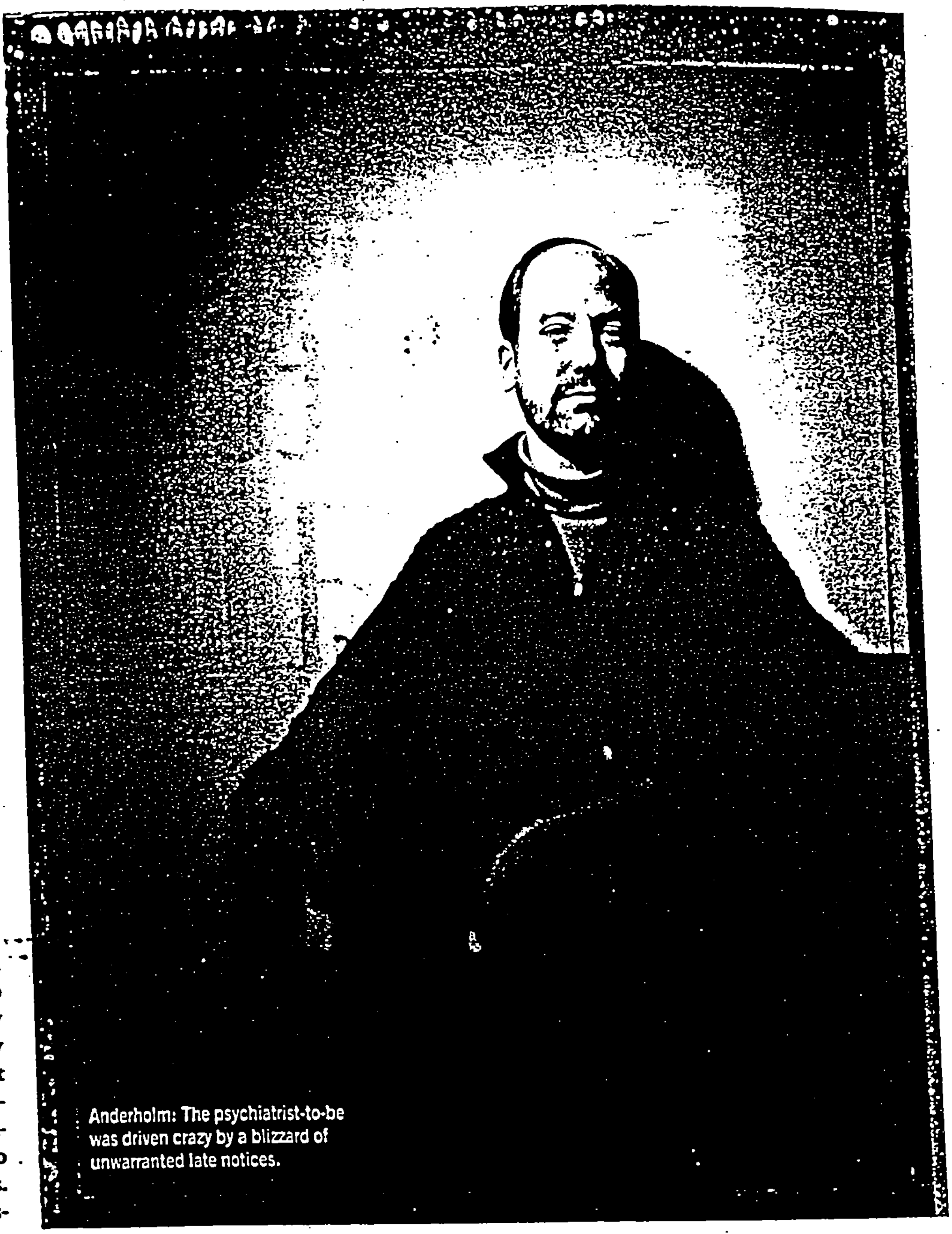
Then, just three days after arriving in Scottsdale, Anderholm found two letters concerning his student loans in a bundle of forwarded mail.

"Oh, no," he thought, ripping open the first envelope. "This isn't good."

It sure wasn't. The first letter was a warning from EduServ that he was about to default on a $2,300 loan. In the second, Northstar Guarantee, the Minnesota agency that handles delinquent student loans, threatened to turn him over to a collection agency if he didn't pay up—at once.

Anderholm immediately called EduServ, where an apologetic supervisor told him not to worry. "Uh, sorry," she said sheepishly. "We're having computer problems. Just ignore those letters. Everything's under control."

If only it were. Instead of stopping, the flow of threatening notices from EduServ and Northstar increased—to as often as every other day. As EduServ later admitted, Anderholm was only one of thousands of perfectly innocent loanholders who were blitzed with unwarranted late notices because the company's computer couldn't seem to process their loan-deferral requests. "We had this brand-new computer system, and we needed to get the bugs out to get it to work properly," concedes Shirley Chase, an EduServ senior vice president. "It was not a fun time period for us."



Anderholm: The psychiatrist-to-be was driven crazy by a blizzard of unwarranted late notices.

But that explanation came too late for Anderholm, who, after months of being browbeaten by EduServ representatives, decided to dip into his meager savings account and pay off the total $6,844 in loans EduServ was processing. Unfortunately, that meant he didn't have the cash to pay off his Visa bill for several months. But Anderholm didn't care. "It was worth it for my mental health," he says.

The usual stories about student loans involve deadbeat graduates and fly-by-night trade schools, all out to bilk the system. (In fact, the government—to great fanfare—recently announced that it had cut the default rate on student loans over the past few years through such measures as stepping up prosecutions of deadbeats, attaching the wages of more defaulters and using a computerized system to block loans to ineligible students.) But there's an untold story of the student-loan business, and it involves people like Dave Anderholm, who have every intention of paying back the money they've borrowed to finance their educations but get caught up in a maelstrom of bureaucratic bumbling, computer systems gone wild, misplaced paperwork and even thuggish collection agencies. It's a tale of borrowers—and there are thousands of them—who've had their lives disrupted or even been put in default because of a mistake made by their loan servicer or guaranty agency.

"It's just become part of the experience of getting a student loan," says Ivan Frishberg, a lobbyist for the U.S. Public Interest Research Group, a nonpartisan advocacy group representing 500,000 students. "There's a snafu or confusion somewhere, and the student goes into default. Then when you try to get it worked out, it's almost impossible to get anybody to listen to you."

Franz Kafka couldn't have dreamed up a more Byzantine and consumer-unfriendly bureaucracy than the one that oversees guaranteed student loans. According to a 1995 report by the College Board, banks dole out $22.9 billion worth of federally guaranteed student loans a year. More often than not, students have no idea what happens to their loans once they've received their checks from the bank. But about 70 percent of these loans are sold to one of the 90 secondary-market companies that invest in this debt. And if you think that could create a little confusion, consider this: If a student borrows money four years in a row for her undergraduate education, each loan can be treated as a separate account—and sold to four different secondary marketers.

Bruce Caplin, director of operations for RC Services, a collection agency on Mercer Island, Wash., has run across doctors and lawyers with as many as 30 different loans. "You know, when you are going through school, you're just signing papers all the time," Caplin says. "I deal with people all the time who just don't know which way is up."

But wait: It gets worse. Most lenders and secondary agencies hire an outside loan-processor to service their accounts, adding yet another layer to this bureaucratic maze. Now let's say there's a problem. Your deferral paperwork gets lost. Or perhaps your loan processor's computer is acting up. Unless you can find a sympathetic supervisor to straighten out your problem—and don't count on that—your loan will be sold to one of the 41 guaranty agencies that reimburse banks for bad loans.

You sigh with relief, right? Many of these are state-run agencies—working for you, really—and they'll surely help straighten out the mess. Besides, all guarantors are supposed to make sure lenders have followed the correct collection procedures before they asked to be reimbursed for bad loans. Trouble is, your guarantor actually has a financial incentive to rubber-stamp the lender's decision and rule that your loan is in default. The federal government not only reimburses these agencies for 98 percent of every defaulted loan, but Congress in its wisdom also gave them the right to keep an additional 27 percent of whatever they collect from defaulted borrowers.

Small wonder the General Accounting Office worried in a 1993 report that these "financial incentives . . . result in guaranty agencies placing emphasis on collection of defaulted loan balances rather than on the prevention of defaults." That's exactly what concerns many college officials. "The guarantors do better if there are defaults and don't do as well if they don't get defaults," adds Barmak Nassirian, a policy analyst at the American Association of State Colleges and Universities in Washington, D.C. "I'm not accusing these companies of intentionally tripping up kids. But let's face it—you are what you eat."

Not surprisingly, guaranty agencies get pretty indignant when anybody suggests they aren't doing their damnedest to prevent defaults. "It's just utter nonsense," insists Mark Cannon, executive director of the Coalition for Student Loan Reform, the rather ironically titled trade group of guarantors. "To cure a delinquent loan prior to going into default is the goal of every guarantor. Defaults are ugly for everyone—the school, the student, the guarantors. They should be avoided."

Maybe so. But of late, the student-loan guaranty industry hasn't exactly set a record of rectitude and good management. For example:

- In 1990, the government was forced to close down the nonprofit Higher Education Assistance Foundation in Minnesota, then the nation's largest student-loan guarantor, because the agency was unable to make good on $9 billion in loans it had insured. Congressional critics charged that HEAF's problems were brought on because it indiscriminately guaranteed even the worst trade-school loans—many of which were serviced by a for-profit company owned by HEAF's founder.
- In 1993, Virginia's State Education Assistance Authority was slapped with a $26 million fine by the U.S. Department of Education for failing to process loan payments on time, billing the feds for the wrong amounts on defaulted loans and sinking its money into risky investments. The SEAA is appealing that decision and declines to comment.
- The following year, the executive director of the California Student Aid Commission resigned under pressure after the Department of Education ordered the agency to repay $62 million it had received to cover defaulted loans. Many of the problems cited were blamed on the CSAC's new $14 million computer system. In fact, the feds recommended junking the entire system because it was unable to provide accurate student-loan information. The CSAC is fighting the action in court.
- Last year, the Pennsylvania Higher Education Assistance Agency deluged an estimated *18,000* borrowers with late notices that were completely unjustified—all because it was putting in a new computer system. Rattled borrowers say that when they called to set the record straight, PHEAA didn't own up to the computer snafu and instead treated them like deadbeats. PHEAA says it's still working on the problem.

With horror stories like these, it's not surprising that some people think the guaranteed-student-loan program is beyond repair. Says Nassirian: "Rube Goldberg couldn't have come up with a better sketch of a screwed-up system than what we have here."

> 'Just ignore those letters,' AN EDUSERV SUPERVISOR TOLD DAVID ANDERHOLM. 'EVERYTHING'S UNDER CONTROL.' IN FACT, THE AGENCY'S NEW COMPUTER SYSTEM WAS RUNNING AMOK AND ANDERHOLM WAS ONE OF THOUSANDS CAUGHT IN ITS TRAP.

In 1992, when Shari Clair enrolled at San Francisco's New College of California law school, she was already heavily in debt. In nine years, she'd borrowed $24,978 in student loans, much of which had gone to pay her undergraduate tuition at the University of Southern California. After the first semester of school she realized that her finances looked a little shaky. So she decided to go to school part time and increase the hours she was working as a paralegal.

That's when her problems really started.

Going part time meant she had to change her status with AFSA Data, the Utica, N.Y., loan processor servicing eight of her loans. Rather than being automatically deferred, Clair had to ask for forbearance on her loans—she had to fill out eight separate forbearance requests and refile them every semester.

Not surprisingly, the system soon screwed up. In July 1993, Clair was rejected when she applied for a credit card. Why? AFSA had listed one of her supposedly forborne loans as seriously delinquent. When she contacted the loan processor, it said she hadn't filed a forbearance form for that loan in February. Quickly, things went from bad to worse: AFSA turned her loan over to the California Student Aid Commission, and the CSAC quickly put her into default. In September, the New College's financial-aid office told her she was no longer eligible for student loans.

Clair finally turned to the San Francisco Neighborhood Legal Assistance Foundation for help. It got AFSA to turn over repayment records

No wonder borrowers preferred the federal program. Or that, according to Leo Kornfeld, the Department of Education's assistant secretary for student financial affairs, more than a few guaranty agencies did everything they could to make it tough for borrowers to consolidate with the feds. "They've slowed it down," he says. "They are resisting it. Some more than others, of course, but do you know why? They are losing money. They are losing that shot at that 27 percent collection fee."

In January 1995, Fought, a 41-year-old congressional aide who lives in Arlington, Va., tried to transfer $12,000 worth of law-school loans being serviced by the Pennsylvania Higher Education Assistance Agency

Some people think THE STUDENT-LOAN SYSTEM IS BEYOND REPAIR. 'RUBE GOLDBERG COULDN'T HAVE COME UP WITH A BETTER SKETCH OF A SCREWED-UP SYSTEM THAN WHAT WE HAVE HERE,' SAYS POLICY ANALYST BARMAK NASSIRIAN.

showing it had received, but apparently never *processed*, the February 1993 forbearance request. Elated, attorney Elizabeth Imholz asked the U.S. Department of Education to make the CSAC review the case. "I thought they would read the facts and say, 'Wow! This slipped through the cracks,'" she says. Imholz clearly hadn't read her Kafka: In May 1994, the CSAC responded that AFSA actually had received the form, but it was for the wrong loan! In other words, though Clair wasn't a deadbeat and had repeatedly filed forms for her eight loans, the CSAC had put her through hell over a technicality.

Imholz made a personal appeal to Becky Stilling, the CSAC's deputy director. Without admitting it had acted incorrectly, the CSAC arranged to remove Clair's loan from the default list and get it repurchased by Sallie Mae, the nation's largest purchaser of student loans. Clair took out a $6,000 loan from Bank of America and paid off three semesters of tuition bills just weeks before she finished her studies in December 1994. Both AFSA and the CSAC say they can't discuss the case of an individual borrower.

Drained after a year and a half of fighting the CSAC while simultaneously attending law classes and working as a paralegal, Clair flunked the bar exam two months later. To make matters worse, she's started getting dunning notices again. When the CSAC put her into default in 1993, all her other loans automatically came due. Once again, Clair had to seek forbearances—and now AFSA has told her she's used up all her forbearance time. With more than $50,000 due, Clair wishes she'd never gone to law school. "I borrowed all this money," she laments, "and I have nothing to show for it."

If Clair's story is about fumbled paperwork and bureaucratic stonewalling, Steve Fought's is one of almost unbelievable pettiness: A four-month-long fight over whether or not Fought had correctly entered the last digit of his identification number.

It all started early last year, when the Department of Education announced that frazzled borrowers could consolidate their multiple debts into one easily managed loan under the federal direct-lending program. This was a threat to the guaranty agencies, which often have affiliated secondary-market companies with their own consolidation plans. Consolidating through the guarantors was not as attractive as going through the feds: Often borrowers had to pay higher interest rates. And in some cases, they lost the right to have their interest subsidized if they went back to school. Worse, in some states, their interest could be capitalized.

to the federal consolidation plan. An unrepentant penny pincher, Fought actually pays his utility bills two at a time so he can save money on stamps. Consolidating with the feds would lower his interest rate to 8.25 percent from 8.45 percent, and Fought wanted in—quickly.

But PHEAA wasn't in any hurry to let him go: It took two months for it to tell Fought that his loans couldn't be transferred because the account number on a key form was wrong. (Of course, the agency took only three days to inform him of its own consolidation plan.)

PHEAA's account numbers were simple, nothing more than a borrower's Social Security number followed by a letter or number. In Fought's case, the letter was I. PHEAA claimed Fought had written the numeral 1. Fought found it strange that in almost three years of loan payments PHEAA had always managed to cash his checks, but PHEAA insisted that this time he'd made a mistake. And it took Fought another two months and countless phone calls before his loans were released. "It was a battle over basis points," he says, still irked about those four months spent at a higher interest rate. "I wanted to save some money."

When Colette Matzzie tried to consolidate her PHEAA loans, she was desperately strapped for cash: Matzzie, 29, was then making $35,000 a year clerking for a federal judge and, with eight loans totaling $82,000 from her years at Brown University and Georgetown law school, she faced $1,200 a month in loan payments. She wanted to go into the federal direct-loan program, which has an income contingency plan that lets borrowers pay a percentage of their adjusted gross income.

In March 1995, three months after she'd contacted PHEAA about her plans, Matzzie was amazed to learn the Department of Education had just gotten her paperwork from PHEAA—and it was blank. Matzzie was beside herself with anger. Because she'd expected her consolidation to sail through without a hitch, she'd held off on sending her latest payment to PHEAA. Now one of her loans was past due.

When Matzzie called PHEAA about the mix-up, she learned that not only was the agency not taking responsibility for the screw-up, but it also had reported her to the major credit bureaus. "Sorry," a PHEAA-crat told Matzzie, "our computer does it automatically." Matzzie used her Visa card to make the payment. And eventually her consolidation went through. But not before she made dozens of calls to PHEAA. Amazingly, during these conversations, one agency rep suggested Matzzie could save herself some aggravation if she just left her loans in place.

Loan Warfare

DOING BATTLE WHEN THE DEFAULT'S NOT YOURS

You graduated from college
after all, so how hard can it
be to keep track of your
student loans? Harder than
Physics for Poets. But the good
news is that avoiding collection
agency fees as high as 42 percent
and—even worse—a tarnished
credit record requires just
applying a few of the lessons you
supposedly learned in school.
Such as:

Do your homework. First,
make sure you know who
owns your loans. With about
70 percent of all student loans
being sold to secondary
marketers, it's more than likely
yours will change hands at some
point. So pay close attention to
any notices that come in the mail,
and call your loan servicer if you
have any questions. Whatever
you do, don't just toss the
letters into a drawer unopened
and assume you'll be able to sort
them all out when you need to.
Two or three times a week

people show up at my office
with supermarket bags of stuff,"
says Barmak Nassirian, the
policy analyst at the American
Association of State Colleges
and Universities. "Now, I know
all the players and it still takes
me like four hours to get a sense
of who this kid owes money to."

Take notes. Don't get on the
phone with your lender or
guarantor unless you're armed
with a legal pad and a pen. Keep
a log of all your calls, complete
with the names of customer
service representatives and the
dates of your conversations.
That's what Steve Lought did in
his battle with PHEAA last year.
"It would kind of signal to the
person on the line that I wasn't
kidding around," he says.
"That way, I also didn't have to
start from square one every
time." It also pays to talk to a
supervisor—if possible the same
one every time you call.

Follow up. If you do work out

a deal, make sure you get it in
writing. Mitzi Forbes, a nursing
student at the University of
Arizona, wishes she had. In

1984 Forbes called her loan
servicer and got a representative
to agree to cut her $100 monthly
payments in half because her

PHEAA spokeswoman Susan Grimm doesn't know what happened to Matzzie's forms, but she adamantly denies the guarantor played games with anybody's paperwork to hold on to its loans. "There are cases where these forms have gone back to the borrower because they must be exact," Grimm insists. "They have to be signed. They have to have the correct account number. Those are the federal regulations."

Guaranty agencies are supposed to make sure that proper procedures are followed before borrowers are put into default. But, critics charge, they don't seem to *try* very hard. Under federal law they have to make five attempts, generally phone calls or letters, to get you to pay up. Unfortunately, there's no law requiring them to actually reach you. So if your guarantor has an out-of-date phone number or the wrong address, you're out of luck. If there's no response after 180 days, it's official: You're a deadbeat. And soon, there's going to be a collection agent on your heels.

That's not pleasant. Just ask Kimberly Kuhn, a nursing-home coordinator in Las Vegas. One night in November 1993, Kuhn came home from work and found a "final notice" from Account Control Technology, a Glendale, Calif., collection agency, in the mail. It warned that if Kuhn didn't immediately pay the $1,100 balance on the $5,000 loan she'd taken out eight years earlier to pay for business courses, ACT was going to haul her into court. Kuhn never disputed that she owed the money, although she hadn't heard from her lender or the guaranty agency in three years. But there was no way the Kuhns, with three children, could come up with $1,100 (plus $532 in interest and collection fees) overnight. They'd recently borrowed money to have their air-conditioning system fixed. And they had their monthly mortgage payment to make.

The next day Kuhn called ACT and offered to pay in installments. No deal, said the collection agency. Pay it all—now. Kuhn was at a loss for what to do next. She tried to put the bill on her credit card, but it was maxed out. Her migraines intensified. And ACT wouldn't leave her alone. One day, a collection agent who identified himself as Peter Erickson called Kuhn at work and warned her she "would be sued in two weeks" if she didn't pay the entire bill. A few days later, he again called her office and ordered her to open her phone book to the financial section and find someone who'd give her a loan to pay the collection agency.

The Kuhns took out another mortgage to pay ACT. The day Kuhn planned to send the company a check by certified mail, Erickson again called her at work and screamed at her. "Go to the post office at once and send it by Express Mail!" he yelled. She hung up and rushed out of the office to mail the check. When she returned, she was horrified to learn husband had lost his job. Soon after, though, she began receiving late notices. "I would call and I'd say, 'Look, I negotiated this down to $50.'" But as far as the company was concerned, the conversations never happened. "Well, it's not in writing," Forbes was told repeatedly. Unable to make the full payments, Forbes wound up in default.

Trust no one. Well, maybe you didn't learn that at college, but perhaps you should have. As Kathryn Harlow, a Cleveland attorney who represents low-income borrowers, advises, "Assume everything's going wrong." If, for example, you decide to make loan payments in advance, don't just send in a check, warns Elizabeth Imholz, the San Francisco attorney who helped Shari Clair. Make sure to send a separate, clear letter with your payment explaining that this payment is to cover two months, June and July 1996." She's seen more than one borrower thrown into delinquency when their lender credited overpayments to the principal rather than the next month's payment.

If you do wind up in default, take heart. According to Imholz, defaulted borrowers are entitled to reasonable and affordable repayment plans based on the total amount of their debt and their financial circumstances.

And if you're being harassed by collection agencies, you are perfectly within your rights to demand that they leave you alone. Mitchell Gliner, the Las Vegas attorney who won Kimberly Kuhn's lawsuit against Account Control Technology, suggests sending a letter by certified mail that states, 'I forbid you to ever contact me again.' Sure, the agency could turn around and take you to court. But assuming you're not a deadbeat and truly want to pay back your loans, this puts you in a better position to do so on your terms—not theirs," says Gliner. "It puts the control of the relationship in the hands of the consumer." —D.L.

that Erickson had called back repeatedly, berating her co-workers and telling her supervisor that she was a student-loan deadbeat who'd been hired under false pretenses and should be fired.

That, finally, was too much for Kuhn: She got a lawyer and sued. In October 1994, a federal judge ruled that ACT had harassed her and engaged in deceptive debt-collection practices. According to Kuhn's lawyer, Mitchell Gliner, ACT quickly agreed to settle, for an undisclosed amount. ACT refuses to comment on the lawsuit or the settlement.

With problems like these, it's not surprising that the U.S. Department of Education wants to give colleges and students other options. At the urging of the Clinton administration, Congress approved an alternative: the Federal Direct Loan Program. Under this plan, colleges and universities can lend federal dollars directly to students. Collection is handled by private loan servicers who are hired by the federal government and get nothing if a borrower defaults. "They lose money if a person goes into default," says the Department of Education's Leo Kornfeld. "The only way they make money is if they keep someone in repayment. Otherwise, we take the paper away from them and give it to one of our collection agencies."

About 37 percent of the new student-loan volume has gone through the direct-loan program and, according to a survey by *Education Daily*, more than 90 percent of participating schools give direct lending high marks. "Whip me, handcuff me," says Karen Fooks, director of student financial affairs at the University of Florida. "We won't go back unless they kill the program."

Because of the direct-loan program's success, guarantors' business is starting to dwindle. In the past two years, guarantors in seven jurisdictions have closed. And there are more to come. Perhaps because of the pressure, some agencies have done better lately. According to the Department of Education, the number of delinquent loans pulled back from default increased 14 percent in fiscal 1995.

But even the threat of extinction hasn't been enough to inspire some guarantors to improve their services. Last summer, the University of Colorado at Boulder's financial-aid office reviewed the records of its students placed in default by, among others, the Colorado Student Loan Program, and was shocked to find students and alumni who were declared deadbeats before they were scheduled to make *their first loan payment*.

And the Department of Education still hasn't figured out what to do with the CSAC's flawed computer system, which has generated blizzards of improper late notices and reams of erroneous default data. "Even after six months of working with them, I'm still not sure what's going on," says a clearly frustrated Kornfeld. "They are telling me Susie Jones is in default. The school says, 'That's wrong—Susie Jones is still in school.' California's a disaster."

Dana Callihan, the CSAC's spokesman, winces when asked about the computer problems, and even admits the system has been so unreliable that the commission—which currently handles $14.9 billion in loans—has gone back to processing some loan payments by hand.

That sounds pretty antiquated, but California's guaranty agency is not the only one stuck in the past. Last year, the problem-plagued PHEAA computer system flipped out when a large number of borrowers began making their payments electronically. The computer couldn't keep up with the inflow of digital cash, which didn't keep it from spewing out unwarranted late notices.

One of the unlucky recipients was Kent Frese, a 31-year-old Villanova University graduate who lives in New Cumberland, Pa. An information-systems manager for a pension company, Frese could forgive the computer problem. But what really galled him was the people hiding behind the technology. "I'd call and sit on hold for 20 minutes," recalls Frese, who waged a five-month war with the agency. "Then I'd get some guy whose attitude was, 'You're just another deadbeat. Pay up.'"

Finally, Frese told the agency he had a statement from his electronic-checking company, which clearly showed that PHEAA's computers were rejecting his payments. Only then did the agency believe him.

Still, it looks as though the guaranty agencies will be around for a while. After ferocious lobbying by banks, secondary marketers and guaranty agencies, Congress approved a 1996 federal budget measure rolling back direct lending to only 10 percent of the loan volume, a move that would cripple the program. President Clinton—who wanted to see direct lending at every school in the country—is putting up a fight: One of the reasons he vetoed the budget-reconciliation bill is that it cut back direct lending. It's unclear what will happen in the final budget resolution, but no one thinks the guaranty agencies are going away soon.

That's not exactly a comforting thought to people like Kent Frese. "You know, I read a lot about all these sleazy people who don't pay their student loans," he says. "I just feel like there's the need for some equal time here. When it comes right down to it, these student-loan collection people are a bunch of bullies." SM

FFEL Program Dollars Outstanding and Guaranty Agency Characteristics

Table 1: Federal Family Education Loan (FFEL) program executive summary: FY66–FY96

This table provides summary information about FFEL program loan volume, defaults, expenditures, and receipts for FY66–FY96.

Loan volume commitments

- Since its inception, approximately 86.2 million loans worth over $223.8 billion have been committed through the FFEL program; 63.5 percent of these loans were committed in FY86–FY96.
- While the annual loan volume increased overall between FY86 and FY94, there were annual decreases in the number and dollar amounts of FFEL program loan commitments in FY95–FY96. The amount of loan volume commitments decreased to $21.0 and $19.7 billion in FY95 and FY96, respectively, representing a 9.1 percent and a 5.8 percent decrease from prior years.
- The number of loans also dropped in FY95 and FY96 to 5.9 and 5.3 million, respectively, representing a 12.9 percent and a 9.1 percent decrease from prior years.
- FFEL program annual loan volume commitments reached their highest levels in FY94 when 6.7 million loans worth $23.1 billion were committed. In FY94, the amount of commitments increased 29.1 percent from FY93 and the loan commitments increased by 19.4 percent.
- Between FY86–FY96, the average loan increased 55.7 percent (from $2,374 to $3,697). The greatest increase occurred in FY93 (10.0 percent from the previous year), after which the average loan continued to increase but at a slower rate.

Defaults

- Cumulative guaranty agency (GA) payments made on defaulted loans to lenders were $28.9 billion in FY96, 85.2 percent of which were made between FY86 and FY96.
- GA default payments to lenders increased overall from FY86 to a peak of $3.2 billion in FY91. In each of the fiscal years that followed, GA default payments to lenders decreased reaching $2.3 billion in FY95. In FY96, however, GA default payments to lenders increased 16.1 percent to $2.7 billion.

Federal outlays

Federal outlays include the payments made to lenders and guaranty agencies and the cost of collections. Major FFEL program outlays include interest benefits paid to lenders and reinsurance default claims paid to guaranty agencies. These two outlay components accounted for 85.7 percent of all FFEL program outlays in FY96.

- In FY86–FY96, the total federal outlays for the FFEL program fluctuated from a low of $3.4 billion in FY87 to a high of $6.4 billion in FY96. The greatest increase (33.1 percent) occurred in FY89, while the greatest decrease occurred in FY87 (15.0 percent).

Table 1: Federal Family Education Loan (FFEL) program executive summary: FY66–FY96 (continued)

Table A.—Federal outlay component as a percent of total federal outlays: FY86–FY96 (Subset of table 1)

	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96
Federal outlays											
To lenders											
Interest benefits	38.8%	45.5%	40.2%	30.1%	26.8%	27.6%	36.2%	33.6%	40.4%	38.6%	42.1%
Special allowance	22.5	14.0	18.1	28.8	25.2	15.9	4.1	2.1	2.8	10.9	6.1
Death and disability claims	0.8	1.0	1.0	0.9	1.0	1.0	1.7	2.0	2.3	2.6	2.6
Bankruptcy claims	0.9	1.0	0.3	0.1	0.2	0.2	1.7	5.5	0.5	0.1	0.7
FISLP default claims	2.0	0.9	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1
To guaranty agencies											
Administrative cost allowance	3.0	2.7	2.8	2.6	2.4	1.7	2.6	3.5	6.1	3.9	2.6
Loan advances	0.4	—	—	—	—	—	—	—	—	—	—
Reinsurance default claims	31.4	34.5	36.5	36.8	44.0	53.1	53.3	52.7	46.8	41.8	43.6
Refund of excess reserves	—	—	—	—	—	—	0.1	0.3	—	—	—
Collections cost*											
Collections cost	0.2	0.5	0.6	0.3	0.2	0.2	0.2	0.2	1.0	2.1	2.2
Total federal program outlays	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

—Not applicable.

*Costs from FY86–FY96 include FFEL program and FISLP as well as computer costs and commissions on contract collections.

NOTE: Calculations are based on numbers before rounding.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, compiled data.

Federal outlays to lenders

Federal outlays to lenders include interest benefits, special allowances, death and disability claims, bankruptcy claims, and Federal Insured Student Loan Program (FISLP) default claims.

- In FY86–FY91, interest benefits paid to lenders fluctuated between $1.5 and $1.7 billion. Between FY92 and FY96, interest benefits increased by approximately $1.0 billion (from $1.7 to $2.7 billion). In FY96, interest benefits paid to lenders accounted for 42.1 percent of total federal expenditures. (See table A.)

- Special allowances increased each year between FY87 and FY89, reaching a peak of $1.4 billion in FY89 and FY90. However, special allowances decreased by 72.6 percent between FY90 and FY96. By FY96, special allowances accounted for 6.1 percent of total federal outlays. (See table A.)

- Death and disability claims increased each year between FY86 and FY96. The greatest annual increase occurred in FY92 when $94 million was paid to lenders, 51.6 percent more than FY91. In FY96, death and disability claims accounted for 2.6 percent of total federal outlays. (See table A.)

- Bankruptcy claims paid to lenders fluctuated between FY86 and FY96, ranging from a low of $4 million in FY95 to a high of $279 million in FY93. The greatest annual increase in bankruptcy claims occurred in FY96 when there was a 10-fold increase over the previous year. The greatest annual decrease occurred in FY94 (90.8 percent). In FY96, bankruptcy claims accounted for 0.7 percent of total federal outlays. (See table A.)

- FISLP default claims paid to lenders decreased from $80 million in FY86 to $6 million in FY95 then increased to $8 million in FY96. FISLP default claims accounted for 0.1 percent of all federal outlays in FY96. (See table A.)

GSLP: A History of Problems

Carnegie Commission Report	**Secretary Califano Testimony**	**Belmont Task Force**	**Senate Subcommittee Report**
1975	**1979**	**1988**	**1991**
high defaults	high defaults	high defaults	high defaults
limited access	limited access		proprietary schools
proprietary schools	fraud & abuse	loan/grant imbalance	fraud & abuse
GSLP Costs	GSLP Costs	GSLP Costs	GSLP Costs
	program complexity	program complexity	program complexity
	debt burden		mismanage-ment

Figure 8: Major Problems of the GSLP

Table 1: Federal Family Education Loan (FFEL) program executive summary: FY66–FY96 (continued)

Federal outlays to guaranty agencies

Federal outlays to guaranty agencies include administrative cost allowances, loan advances, reinsurance default claims, and refunds of excess reserves.

- In FY86–FY96, annual administrative cost allowances fluctuated from a low of $92 million in FY87 to a high of $312 million in FY94. Annual administrative cost allowances decreased considerably in FY95 and FY96 (29.3 and 24.3 percent, respectively). In FY96, administrative cost allowances accounted for 2.6 percent of total federal outlays. (See table A.)

- Loan advances to guaranty agencies were $16 million in FY86, but were not reported any year thereafter. (See table A.)

- In FY86–FY96, reinsurance default claims fluctuated from a low of $1.3 billion in FY86 to a high of $3.2 billion in FY91. In FY96, reinsurance default claims represented 43.6 percent of total federal outlays. (See table A.)

- Refunds of excess reserves were only reported in FY92 and FY93, when they increased from $8 to $14 million.

Collections cost

- Collection cost increased more than 12 times between FY86 and FY96. Collection costs increased from $10 million in FY86 to $23 million in FY88, then decreased to reach $8 million in FY93. In FY94, collection costs rose dramatically to $50 million, and continued to rise, reaching $138 million in FY96.

Federal income/receipts:

Federal income includes FISLP insurance premium, FISLP collections, guaranty agency reimbursements, advances returned, excess reserves, reinsurance fees, origination and other fees, IRS offsets-DCS assigned loans, IRS offsets-GA, mandatory assignments, and rehabilitation loans.

- The total federal income/receipts for FFEL program increased annually between FY86–FY96. The largest increase occurred in FY94 when total income increased by 52.3 percent from the prior year (from 2.5 to 3.1 million). By FY96, total federal income had increased by 360.8 percent from FY86. (See table B.)

Table B.—Federal income sources as a percent of total federal income/receipts: FY86–FY96 (Subset of table 1)

	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96
Federal income/receipts											
FISLP collections	10.2%	11.7%	7.8%	6.3%	4.4%	3.5%	2.2%	2.6%	1.8%	1.5%	1.7%
Guaranty agency reimbursements	28.7	33.5	29.3	31.6	32.9	29.5	30.4	32.3	18.5	26.2	27.4
Advances returned	1.3	0.9	8.4	1.4	1.2	0.6	0.1	0.1	0.0	0.0	0.0
Excess reserves	—	—	1.1	11.4	2.9	0.1	0.0	0.0	0.0	0.0	0.0
Reinsurance fees	—	—	4.7	4.6	3.6	2.4	3.3	2.0	1.8	0.1	0.0
Origination and other fees	47.0	40.7	35.0	30.5	34.1	35.4	28.6	30.9	43.8	34.6	29.9
IRS offset - DCS assigned loans	7.8	3.8	2.2	1.2	1.6	1.0	1.5	2.1	8.4	7.7	6.6
IRS offset - GA	5.0	9.5	11.5	13.1	18.6	26.2	31.5	25.1	15.2	10.6	9.7
Mandatory assign. coll.	—	—	—	—	0.4	0.9	2.0	4.8	10.5	18.5	24.2
Rehabilitation loans	—	—	—	0.1	0.2	0.5	0.4	0.2	—	0.9	0.5
Total federal income/receipts	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

—Not applicable.

NOTE: Calculations are based on numbers before rounding. 0.0 indicates a number less than 0.05.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, compiled data.

Table 1: Federal Family Education Loan (FFEL) program executive summary: FY66–FY96 (continued)

- The two major sources of FFEL program federal income are origination and other fees and guaranty agency reimbursements. In FY96, for example, federal income from guaranty agency reimbursements was $904 million and income from origination and other fees was $986 million. Total receipts in FY96 were $3.3 billion or 16.5 percent of the cumulative total receipts for the FFEL program ($20.0 billion). (See table B)

- Annual FISLP collections ranged from $33 million in FY92 and $93 million in FY87. Income from FISLP collections contributed a decreasing proportion of the annual total federal receipts between FY86–FY96, (10.2 and 1.7 percent, respectively). (See table B.)

- Annual income from guaranty agency reimbursements increased, overall, between FY86 and FY96 (341.0 percent). However, annual receipts from guaranty agency reimbursements contributed a smaller proportion of the annual federal income in FY94–FY96 than was contributed in the previous years. Annual receipts from guaranty agency reimbursements ranged from 28.7 to 33.5 percent of the annual total federal income between FY86–FY93 and from 18.5 to 27.4 percent between FY94–FY96. (See table B.)

- In FY88, income from returned advances contributed 8.4 percent of total federal income, the greatest amount reported between FY86–FY96 ($82 million). Annual income from returned advances for all other fiscal years was less than 1.5 percent of total federal income. Annual income from returned advances decreased each year subsequent to FY88 and was less than $500,000 in FY94–FY96. (See table B.)

- Excess reserves, reported for FY88–FY96, peaked at $127 million in FY89 (over 10 times the amount reported in FY88). Income from excess reserves decreased by 73.2 percent in FY90 and continued to decrease each year thereafter. In FY89 and FY90, income from excess reserves comprised 11.4 and 2.9 percent, respectively, of total federal income. For all other fiscal years, income from excess reserves comprised 1.1 percent or less of total federal income. (See table B.)

- Between FY86–FY96, annual receipts from origination and other fees increased by 193.5 percent. The greatest annual increase occurred in FY94 when origination and other fees increased by 116.3 percent. Annual income from origination and other fees contributed 47.0, 40.7, and 43.8 percent of total federal income in FY86, FY87, and FY94, respectively. In all other fiscal years, the annual proportion of federal income from origination and other fees ranged from 28.6 to 35.4 percent. (See table B.)

- Annual federal income from IRS offset-DCS assigned loans fluctuated in FY86–FY96 with a dramatic increase in FY94 (502.9 percent).

- Annual federal income from IRS offset-GA increased between FY86–FY92 and decreased between FY93–FY96. Annual income from this source (31.5 percent) was greater than income from all other sources in FY92 when IRS offset-GA peaked at $466 million.

- Mandatory assignment collections, initiated in FY90, increased dramatically between FY90 and FY96 (from $5 to $799 million).

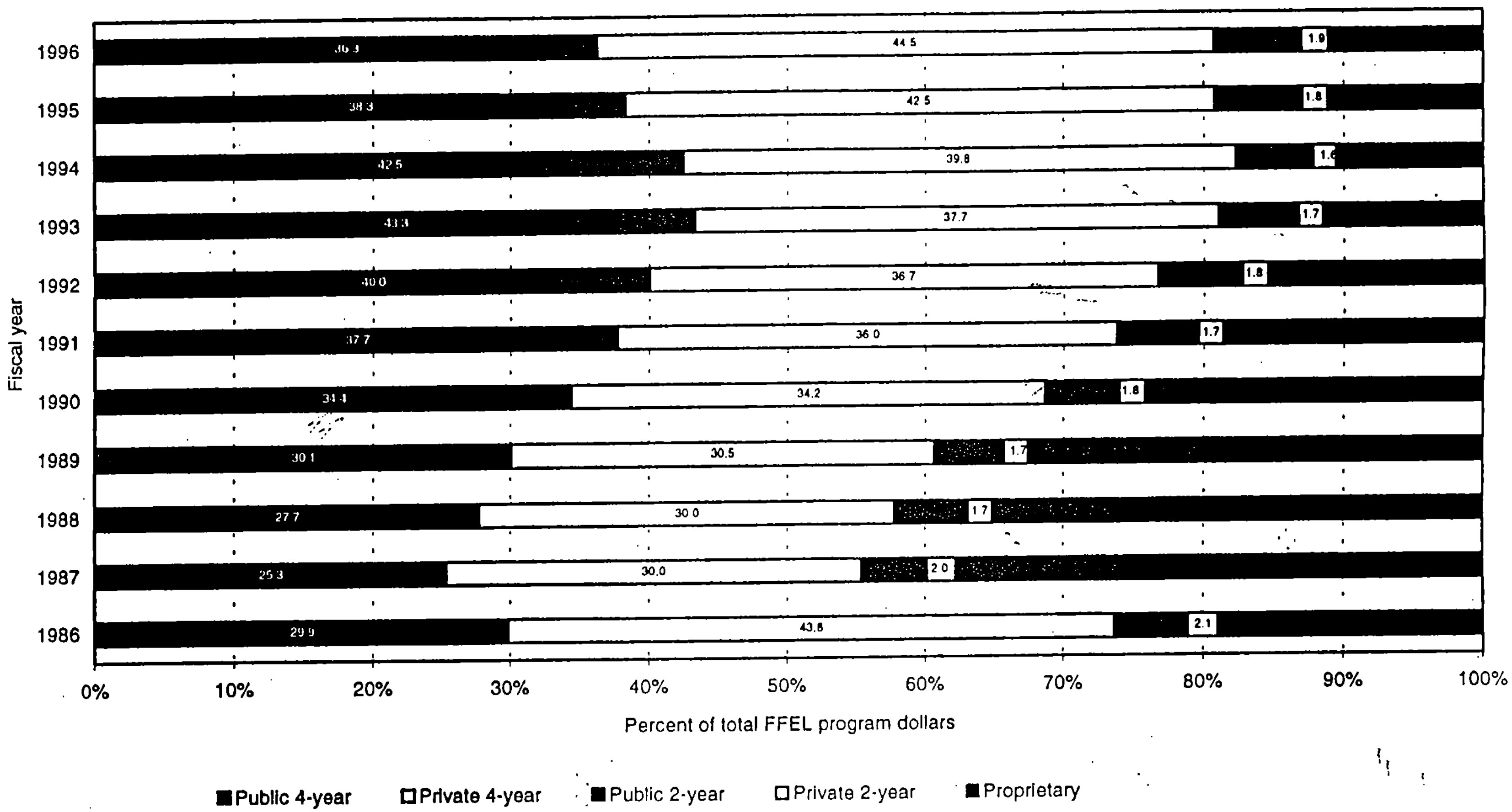
- Income from rehabilitation loans was received in all fiscal years subsequent to FY89. Annual income from this source ranged from less than $500,000 in FY94 to $27 million in FY95 and comprised less than 1 percent of the total federal income for each of the fiscal years reported.

Cash outlays over receipts

- The total cash outlays over receipts (total federal outlays minus total federal income) increased each year between FY87–FY91, peaking in FY91 at $4.9 billion. Between FY92–FY95, federal outlays over receipts decreased each year reaching the lowest level in FY95 ($2.6 billion), then increased in FY96 by 19.8 percent to 3.1 billion.

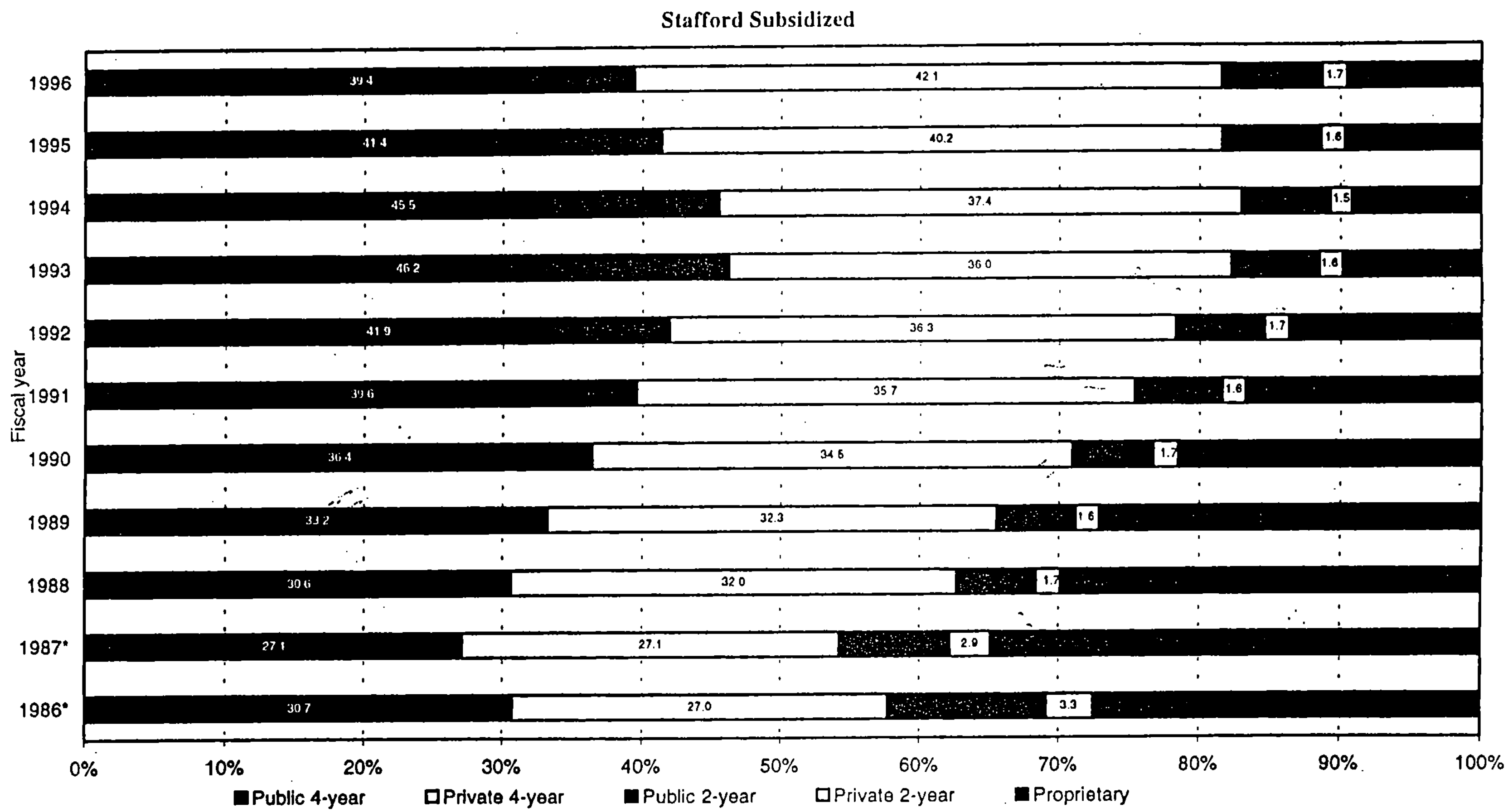
Percentage distribution of Federal Family Education Loan (FFEL) program dollars, by type of institution: FY86–FY96

FFEL program total



NOTE: Loan volume includes some loans that later may be canceled.
SOURCE: U.S. Department of Education, Office of Postsecondary Education, National Student Loan Data System.

Percentage distribution of Federal Family Education Loan (FFEL) program dollars, by type of institution: FY86–FY96



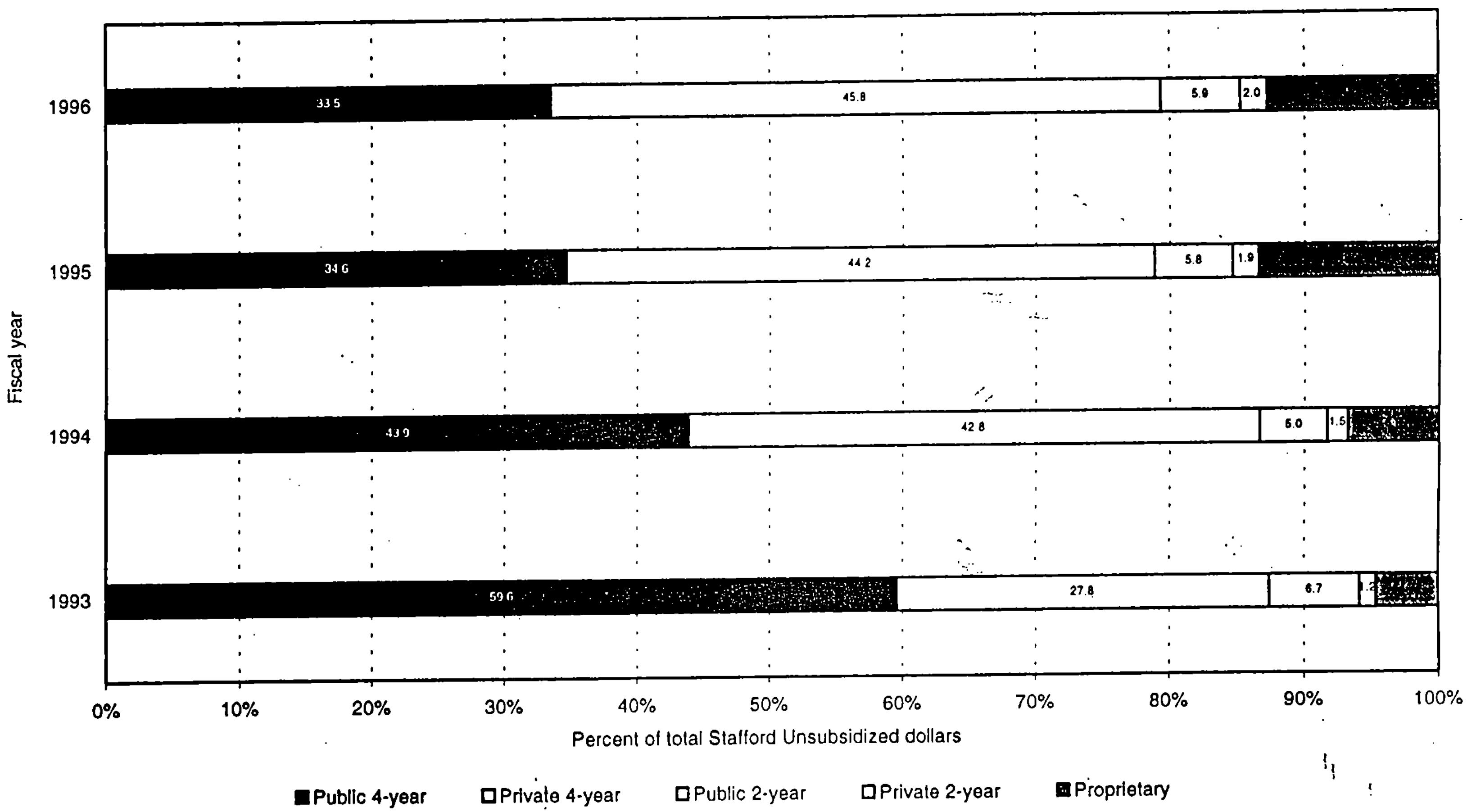
*Estimates for FY86 and FY87 are based on random samples.

NOTE: Loan volume includes some loans that later may be canceled.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, National Student Loan Data System.

Percentage distribution of Federal Family Education Loan (FFEL) program dollars, by type of institution: FY86–FY96

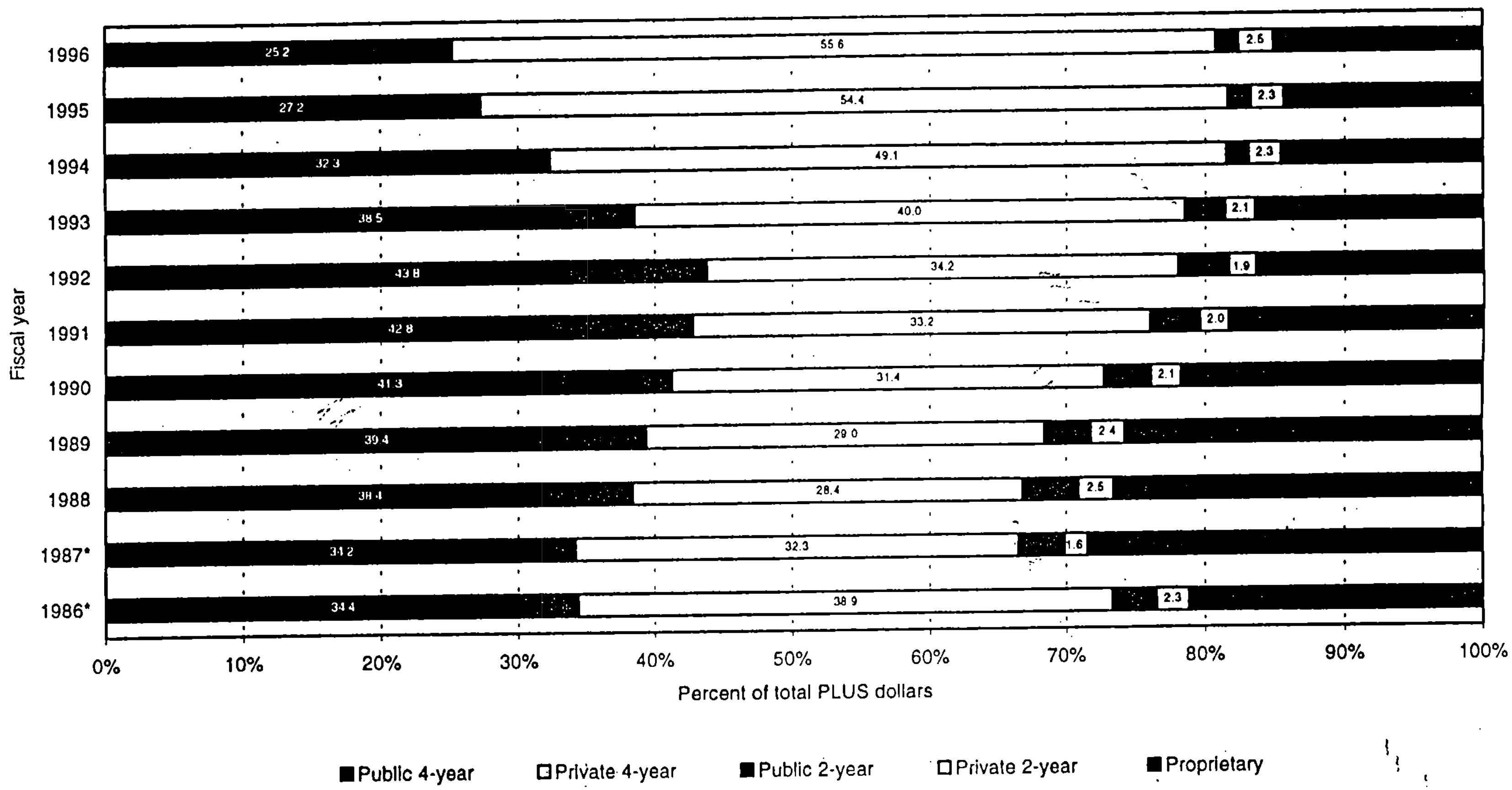
Stafford Unsubsidized



NOTE: The Stafford Unsubsidized program began in FY93. Loan volume includes some loans that later may be canceled.
SOURCE: U.S. Department of Education, Office of Postsecondary Education, National Student Loan Data System.

Percentage distribution of Federal Family Education Loan (FFEL) program dollars, by type of institution: FY86–FY96

Parent Loans for Undergraduate Students (PLUS)



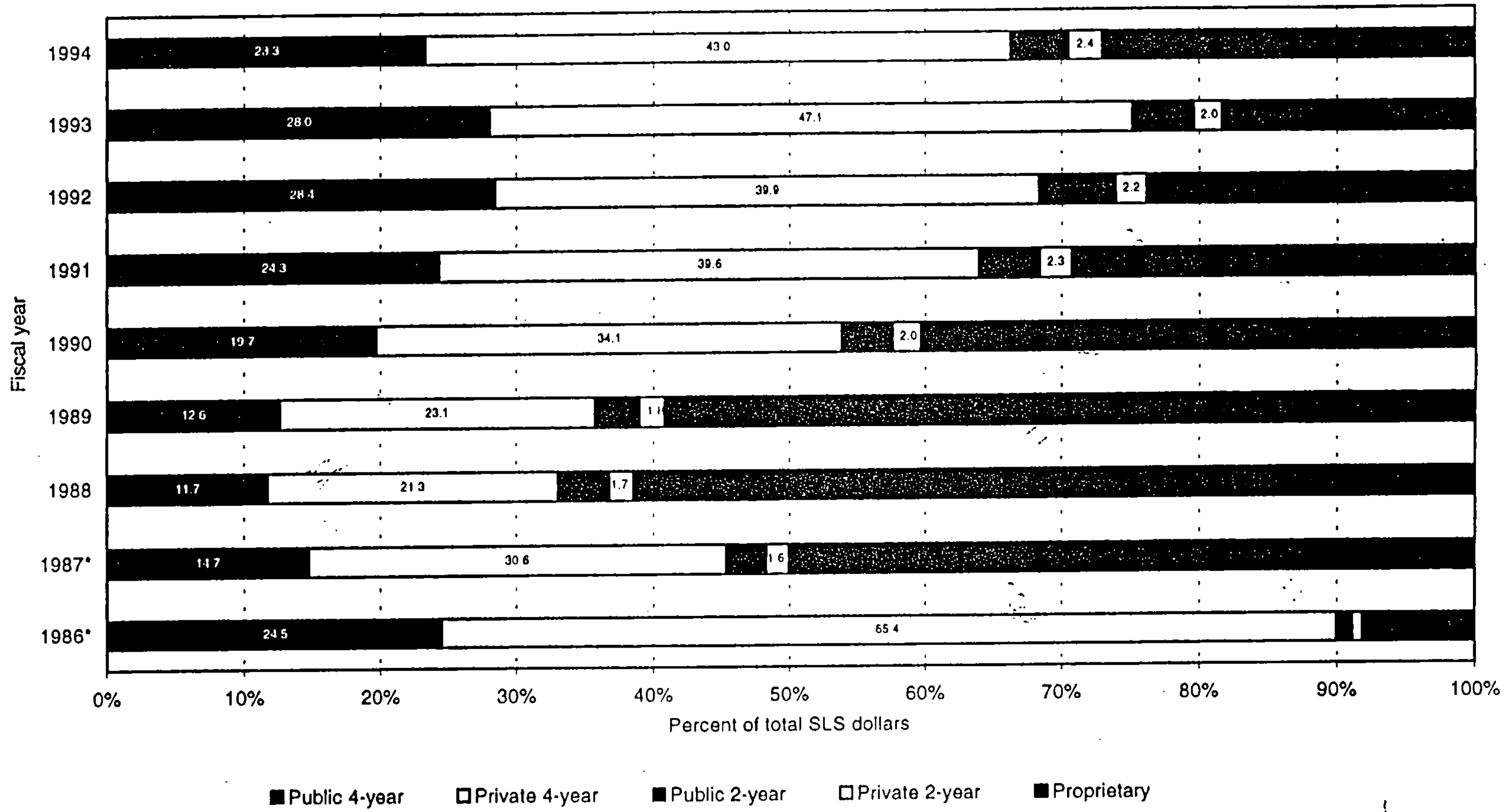
*Estimates for FY86 and FY87 are based on random samples.

NOTE: Loan volume includes some loans that later may be canceled.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, National Student Loan Data System.

Percentage distribution of Federal Family Education Loan (FFEL) program dollars, by type of institution: FY86–FY96

Supplemental Loan for Students (SLS)



*Estimates for FY86 and FY87 are based on random samples.

NOTE: The Supplemental Loan for Students (SLS) program ended in FY94. Loan volume includes some loans that later may be canceled.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, National Student Loan Data System.

Table 14: Federal Family Education Loan (FFEL) program top 100 originators: FY94–FY96

This table summarizes key information on the top 100 lenders of the FFEL program for FY94–FY96. Lenders are ranked according to the dollar amount guaranteed in each fiscal year. The lender name, city, and state are also reported as is the percent of the total FFEL program loan amount that is captured by the top 10, 25, 50, 75, and 100 guarantors nationally.

- Citibank consistently was the largest originator of FFEL program loans between FY94 and FY96.
- Large lenders accounted for an increasing proportion of loan commitments. The top 100 lenders, representing approximately 2 percent[1] of the total number of lenders, originated 78.9, 80.7, and 83.9 percent of the national loan volume for FY94, FY95, and FY96, respectively.
- In FY96, the top 10 percent of lenders originated nearly two out of every five dollars committed the FFEL program (39.5 percent).

[1] The total number of participating lenders in FY94, FY95, and FY96 was 6,812; 5,830; and 4,813, respectively. The top 100 originators represented 1.5; 1.7; and 2.1 percent of participating lenders.

Table 14.—Federal Family Education Loan (FFEL) program top 100 originators: FY94–FY96

Lender name[1] and State/City	Amount guaranteed[2] (in millions)			Rank[1]		
	FY96	FY95	FY94	FY96	FY95	FY94
Citibank NY/Rochester	$1,395.5	$1,487.0	$1,568.5	1	1	1
Bank One OH/Columbus	989.5	938.3	1,048.4	2	3	4
Chase Manhatten Bank FL/Tampa	970.1	1,041.5	1,158.8	3	2	2
Norwest Bank SD/Sioux Falls	899.4	913.9	993.7	4	4	5
Key Corp. OH/Brooklyn	755.3	818.5	1,129.8	5	5	3
Chemical Bank NY/Jericho	695.5	673.8	641.9	6	6	7
Wells Fargo Bank CA/Walnut Creek	635.4	348.9	334.5	7	10	12
Bank of America CA/Pasadena	628.9	630.2	653.7	8	7	6
EDUCAID. Trans World Ins. Co. CA/Sacramento	493.4	419.1	407.5	9	8	9
Pittsburgh National Bank PA/Pittsburgh	334.4	295.7	293.8	10	14	17
Boatmen's Bank MO/St. Louis	327.8	348.8	373.1	11	11	10
Fleet Bank RI/Providence	307.7	274.9	323.4	12	15	14
Barnett Bank FL/Jacksonville	307.4	306.4	326.3	13	12	13
Household Bank IL/Bloomingdale	286.8	304.7	294.2	14	13	16
Penna Higher ED Assistance Agcy. PA/Harrisburg	266.1	123.8	42.2	15	36	87
Union Bank and Trust Company NE/Lincoln	264.2	245.0	205.3	16	18	23
BAC International Credit Corp. FL/Miami	261.7	190.0	139.4	17	25	30
First Chicago NBD Corp. IL/Chicago	261.6	—	—	18	([3])	([3])
Mellon Bank PA/Pittsburgh	242.9	247.6	239.7	19	17	21
National City Bank OH/Cleveland	228.8	264.2	349.0	20	16	11
Marine Midland Bank NY/Buffalo	225.1	236.3	272.9	21	20	18
SC Student Loan Corp. SC/Columbia	205.9	199.7	182.9	22	23	25
Signet Bank MD/Baltimore	197.1	221.8	240.8	23	21	20
First Bank NA MN/Minneapolis	194.8	199.9	245.3	24	22	19
US Bank WA/Spokane	192.8	197.8	238.0	25	24	22
First Union National Bank NJ/North Brunswick	186.0	—	—	26	([3])	([3])
Teachers Ins. and Annuity Assn. NY/New York	183.9	143.2	101.9	27	30	43
Nellie Mae MA/Braintree	183.5	155.4	128.0	28	27	35
College Foundation Inc. NC/Raleigh	155.5	166.3	196.7	29	26	24
Academic Mgmt. Services RI/East Providence	145.7	147.7	128.2	30	28	34
Corestates Bank DE/Willmington	143.6	143.8	131.4	31	29	33
Great Western Bank CA/Chatsworth	121.8	126.1	160.1	32	34	27
Union Benefit Life Insurance Co. CA/San Diego	121.7	140.3	120.6	33	31	37
Bank of Boston Corps. MA/Boston	116.5	128.2	157.0	34	33	28
Commerce Bank MO/Kansas City	100.5	88.5	91.7	35	45	47
Seattle First National Bank WA/Seattle	94.8	87.9	112.2	36	46	39
Twin City Federal Savings Bank MN/Minneapolis	94.3	111.1	135.0	37	39	31
NOVA Southeastern Univ. FL/Fort Lauderdale	93.2	81.6	61.5	38	50	66
NH Higher Ed Loan Corp. NH/Concord	92.3	71.7	36.0	39	55	93
Educational Funding of the South TN/Knoxville	91.5	—	—	40	([3])	([3])
Vermont Ed Loan Finance Program VT/Winooski	90.8	93.4	86.5	41	43	50
Rhode Island Student Loan Authority RI/Warwick	89.7	73.2	14.2	42	54	([3])
Central Bank LA/Monroe	88.9	89.5	87.9	43	44	49
Integra Bank PA/Pittsburgh	83.4	102.4	98.2	44	40	44
First American National Bank TN/Nashville	82.9	62.9	59.7	45	64	69
Mercantile Bank MO/St. Joseph	74.5	98.4	110.6	46	41	40
Marshall & Isley Bank WI/Milwaukee	73.6	84.6	92.7	47	49	46
Corus Bank IL/Chicago	71.8	—	—	48	([3])	([3])
Suntrust Bank GA/Atlanta	71.2	71.1	67.1	49	57	58
Maine Educational Loan Marketing ME/Augusta	71.2	53.3	32.7	50	70	([3])

Table 14.—Federal Family Education Loan (FFEL) program top 100 originators: FY94–FY96 (continued)

Lender name[1] and State/City	Amount guaranteed[2] (in millions) FY96	FY95	FY94	Rank[1] FY96	FY95	FY94
First of America Bank MI/Kalamazoo	$69.6	$71.5	$117.8	51	56	36
Bay Bank MA/Waltham	66.9	128.5	179.5	52	32	26
Bank of Oklahoma OK/Tulsa	66.5	61.0	48.9	53	66	79
Fifth Third Bank OH/Cincinnati	66.2	64.0	80.5	54	62	53
Bank IV KS/Wichita	64.4	70.2	65.1	55	60	62
Firstar Bank WI/Milwaukee	62.8	70.8	89.6	56	58	48
First Tennessee Bank TN/Maryville	61.5	61.7	64.3	57	65	64
Bank of North Dakota ND/Bismarck	61.3	64.4	64.4	58	61	63
Deposit Guaranty National Bank MS/Jackson	60.2	60.6	59.2	59	67	70
Crestar Bank VA/Richmond	59.5	75.7	102.4	60	51	41
First Security Bank UT/Salt Lake City	56.8	70.5	85.2	61	59	51
Meridian Bank PA/Reading	56.2	86.0	94.1	62	47	45
Georgia Student Finance Authority GA/Tucker	55.8	96.4	122.3	63	42	38
Connecticut Student Loan Found. CT/Rocky Hill	55.6	57.7	55.0	64	68	72
Arizona Educational Loan Mrktg. AZ/Phoenix	54.4	39.6	32.7	65	84	(3)
First Natl. Bank of Commerce LA/New Orleans	53.1	54.1	51.0	66	69	77
Zions First National Bank UT/Salt Lake City	51.4	53.0	52.7	67	71	75
Stillwater National Bank OK/Stillwater	49.9	52.5	57.1	68	72	71
Washington Mutual Savings Bank WA/Seattle	49.5	43.1	41.8	69	80	88
Bank of Mississippi MS/Tupelo	49.2	41.5	36.3	70	82	92
First Alabama Bank AL/Mobile	48.3	40.9	52.6	71	83	76
Northwestern University IL/Evanston	46.1	42.6	38.9	72	81	91
University Federal Credit Union TX/Austin	44.9	44.1	30.6	73	79	(3)
Marquette Bank MN/Lakeville	44.7	34.4	26.3	74	88	(3)
Navy Federal Credit Union VA/Merrifield	44.1	51.7	60.0	75	73	67
Commerce National Bank LA/Shreveport	43.2	44.4	45.8	76	78	82
Frost National Bank TX/San Antonio	43.0	—	—	77	(3)	(3)
Union Planters Bank	41.1	—	—	78	(3)	(3)
Comercia Bank MI/Detroit	38.9	—	—	79	(3)	(3)
Independence Fed. Svgs. Bank DC/Washington	38.1	50.8	66.9	80	74	59
First Federal Savings Bank WI/Lacrosse	37.5	33.4	30.6	81	90	(3)
Kentucky Higher Ed Student Loan KY/Louisville	36.0	—	—	82	(3)	(3)
Huntington Bank OH/Columbus	35.9	49.6	74.6	83	75	55
First Federal Savings & Loan Association NY/Rochester	34.6	—	—	84	(3)	(3)
Trustmark National Bank MS/Jackson	34.6	30.5	25.0	85	96	(3)
OK Student Loan Auth. OK/Oklahoma City	34.3	30.1	31.2	86	99	(3)
University of Pennsylvania PA/Philadelphia	32.2	—	—	87	(3)	(3)
Bank of Hawaii HI/Honolulu	31.0	30.2	21.8	88	98	(3)
San Antonio Fed. Credit Union TX/San Antonio	30.9	30.0	30.6	89	100	(3)
Greater Texas Federal Credit TX/Austin	30.7	—	—	90	(3)	(3)
Michigan National Bank MI/Southfield	30.6	32.4	46.2	91	92	81
Manufacturers and Traders Bank NY/Buffalo	30.5	30.4	34.8	92	97	97
First National Bank TX/Abilene	29.4	—	—	93	(3)	(3)
New Mexico ED Assist. Found. NM/Albuquerque	28.6	34.7	40.5	94	87	90
Nations Bank TX/Dallas	28.6	10.9	53.0	95	(3)	74
Simmons First National Bank AR/Pine Bluff	28.2	28.1	34.3	96	(3)	98
Bancfirst OK/Shawnee	28.2	—	—	97	(3)	(3)
First State Bank TX/Denton	27.4	—	—	98	(3)	(3)
Louisiana Public Facilities Authority LA/Baton Rouge	27.2	—	—	99	(3)	(3)
Bank of New York NY/Harrison	25.9	36.5	40.6	100	86	89

Table 14.—Federal Family Education Loan (FFEL) program top 100 originators: FY94–FY96 (continued)

Lender name[1] and State/City	Amount guaranteed[2] (in millions)			Rank[1]		
	FY96	FY95	FY94	FY96	FY95	FY94
Central Fidelity Bank VA/Lynchburg	$25.1	$31.7	$45.8	(3)	93	83
Boone County National Bank MO/Columbia	24.0	30.8	33.9	(3)	95	100
First Financial Bank WI/Stevens Point	23.9	—	—	(3)	(3)	(3)
National Westminster Bank	23.5	—	—	(3)	(3)	(3)
Texas Higher Ed Coordinating Board TX/Austin	22.4	33.7	50.6	(3)	89	78
Old Kent Bank MI/Grand Rapids	21.8	31.3	64.3	(3)	94	65
Harvard University MA/Cambridge	19.5	27.8	43.1	(3)	(3)	86
Hibernia National Bank LA/New Orleans	15.9	45.2	65.8	(3)	77	61
Banco Popular De Puerto Rico PR/San Juan	7.0	28.2	34.2	(3)	(3)	99
First Interstate Bank AZ/Phoenix	—	360.9	460.4	(3)	9	8
National Bank of Detroit MI/Detroit	—	238.1	297.3	(3)	19	15
First Union National Bank VA/Roanoke	—	124.2	147.1	(3)	35	29
Premier Bank LA/Baton Rouge	—	117.2	79.5	(3)	37	54
First Fidelity Bank NJ/North Brunswick	—	112.2	134.3	(3)	38	32
Shawmut Bank MA/Cambridge	—	85.4	102.2	(3)	48	42
Volunteer State Student Fund Corps. TN/Knoxville	—	75.4	59.8	(3)	52	68
River Forest Bank IL/Chicago	—	75.3	70.6	(3)	53	56
First National Bank of Chicago IL/Chicago	—	63.7	83.8	(3)	63	52
Commerce Bank MI/Detroit	—	45.2	65.8	(3)	76	60
Natwest Bank NY/Melville	—	38.0	45.7	(3)	85	84
Midlantic National Bank NJ/Pennsauken	—	32.8	35.2	(3)	91	95
Southtrust Bank AL/Birmingham	—	25.1	34.9	(3)	(3)	96
West One Bank ID/Boise	—	24.3	35.6	(3)	(3)	94
Amsouth Bank AL/Birmingham	—	20.6	48.3	(3)	(3)	80
Citizen's Savings Bank RI/Riverside	—	13.5	45.6	(3)	(3)	85
Nebraska Higher ED Loan Program NE/Lincoln	—	11.1	53.9	(3)	(3)	73
Maryland National Bank MD/Columbia	—	—	70.6	(3)	(3)	57

Percent of amount guaranteed	FY96	FY95	FY94
Top 10 as percent of Nation	39.6%	36.7%	36.7%
Top 25 as percent of Nation	58.8	54.9	54.3
Top 50 as percent of Nation	72.6	68.7	67.2
Top 75 as percent of Nation	79.7	76.3	74.3
Top 100 as percent of Nation	83.9	80.7	78.9

—Not applicable.

[1]Arranged from highest to lowest based on the dollar amount the lender guaranteed in FY96.

[2]Amount guaranteed includes Stafford Subsidized, Stafford Unsubsidized, PLUS, and SLS loans.

[3]Lender was not ranked in top 100 in this fiscal year.

NOTES: The total number of lenders in FY94–FY96 were 6,812; 5,830; and 4,813; respectively. Data for earlier years appear in table A-14 in appendix I.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, National Student Loan Data System.

Table 36: Weekly average 91-day Treasury Bill (bond equivalent) rates, by quarter: FY86–FY96

This table lists the quarterly 91-day Treasury Bill rates for FY86–FY96.

- Rates for 91-day Treasury Bills dropped to their lowest value (3.1 percent) in the fourth quarter of FY92 and the second quarter of FY93 and remained constant through the first quarter of FY94. These rates soared to their highest values during the second and third quarters of FY89 (8.9 and 8.7 percent, respectively).
- Treasury Bill rates remained within a close range between the third quarter of FY94 and the fourth quarter of FY96. During this period, the rates ranged between a low of 4.2 percent and a high of 6.0 percent.
- Beginning with the second quarter in FY91, Treasury Bills rates in FY91–FY96 were less than those for the first 3 quarters of FY86 (7.4, 7.1, and 6.3 percent).

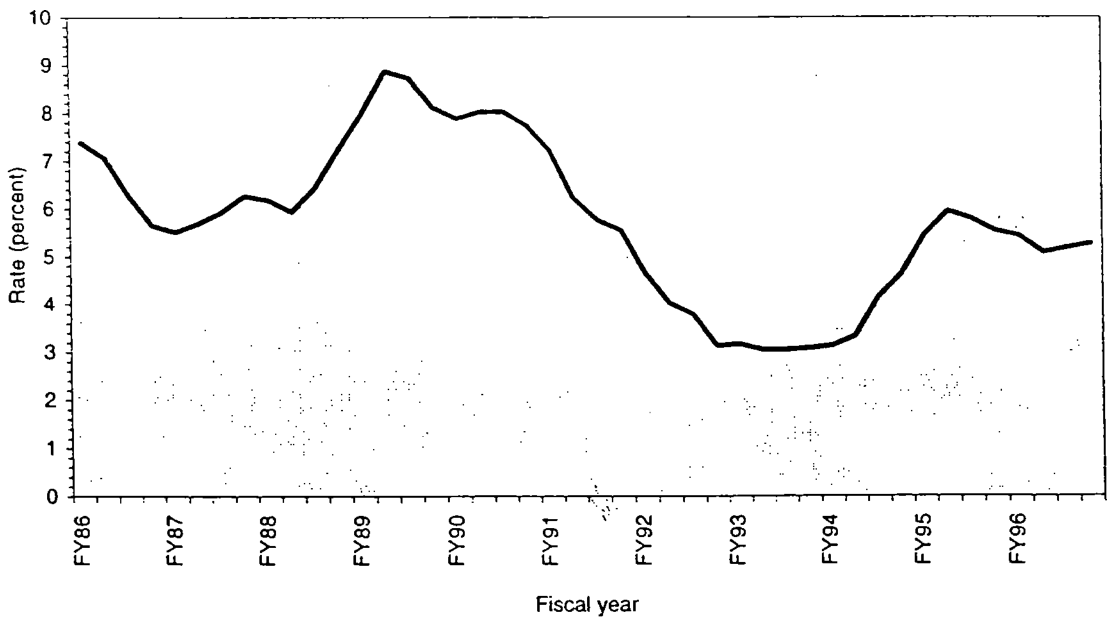
Table 36.—Weekly average 91-day Treasury Bill (bond equivalent) rates, by quarter: FY86–FY96

Fiscal year	Quarter ending December 31	March 31	June 30	September 31
1986	7.4	7.1	6.3	5.7
1987	5.5	5.7	5.9	6.3
1988	6.2	5.9	6.4	7.2
1989	8.0	8.9	8.7	8.1
1990	7.9	8.0	8.0	7.7
1991	7.2	6.2	5.8	5.6
1992	4.7	4.0	3.8	3.1
1993	3.2	3.1	3.1	3.1
1994	3.1	3.3	4.2	4.6
1995	5.5	6.0	5.8	5.5
1996	5.4	5.1	5.2	5.3

NOTE: Special allowance rates to lenders participating in the Federal Family Education Loan (FFEL) program are based on the average weekly 91-day Treasury Bill (bond equivalent) rate for each quarter of the fiscal year. Data for earlier years appear in table A-36 in appendix I.

SOURCE: U.S. Department of Treasury.

Weekly average 91-Day Treasury Bill (bond equivalent) rates, by quarter: FY86–FY96



NOTE: Data reported by quarter.

SOURCE: U.S. Department of Treasury.

Table 39: Federal Family Education Loan (FFEL) program top 100 current holders of loans as of September 30, 1995 and September 30, 1994

This table lists the top 100 holders (lender name and city) of FFEL program loans for FY94–FY95 ranked by the dollar amount outstanding for FY95.

- Of the thousands of lenders who participated in the FFEL program in FY94–FY95 (6,812 and 5,830, respectively), the top 10 lenders held more than one-half of the outstanding loan dollars (53.8 and 55.8 percent, respectively) (See table A-14, "Federal Family Education Loan (FFEL) program annual number of active lenders, FY66–FY96."). In fact, Sallie Mae, the top holder in both fiscal years, held nearly one-third of all outstanding FFEL program loan dollars (32.4 and 32.9 percent, respectively). (See table 37 for FFEL program amount outstanding.)

- The top 100 holders held 91.0 percent of all outstanding FFEL program loan dollars in FY95, a 2.5 percentage point increase from FY94 (88.5 percent). Most of this increase may be accounted for by the fact that the top 10 lenders increased their share of the student loan market by 2 percentage points during this period (53.8 to 55.8 percent).

- Between FY94 and FY95, the outstanding dollar amount for Sallie Mae, the top holder for the FFEL program, grew at a faster rate than did the rate for the outstanding FFEL program dollar amount. While the overall FFEL outstanding dollar amount increased by 15.9 percent (from $80.0 to $92.7 billion) during the period, the Sallie Mae outstanding dollar amount increased by 17.5 percent (from $25.9 to $30.5 billion).

Table 39.—Federal Family Education Loan (FFEL) program top 100 current holders of loans as of September 30, 1995 and September 30, 1994

Lender name and State(s)/City	FY95 Amount outstanding[1] (in millions)	FY95 Rank	FY94 Amount outstanding[1] (in millions)	FY94 Rank
Sallie Mae DC/Washington	$30,455.4	1	$25,917.2	1
Citibank NY/Rochester	5,826.9	2	4,722.7	2
Key Corp OH/Brooklyn	2,944.9	3	1,830.7	6
Bank One OH/Columbus	2,764.1	4	2,357.3	5
Chemical Bank NY/Jericho	2,528.4	5	2,201.3	3
Nellie Mae MA/Braintree	1,737.7	6	1,573.4	4
Norwest Bank SD/Sioux Falls	1,600.3	7	1,112.9	8
Pittsburgh National Bank PA/Pittsburgh	1,390.0	8	1,147.3	7
Student Loan Funding Corp. OH/Cincinnati	1,265.4	9	1,084.5	9
Mellon Bank PA/Pittsburgh	1,191.5	10	1,083.4	10
National City Bank OH/Cleveland	1,189.5	11	1,029.2	13
Fleet Bank RI/Providence	1,158.1	12	929.9	14
Nebraska Higher Ed Loan Program NE/Lincoln	1,140.3	13	1,079.0	11
Penna Higher Ed Assistance Agency PA/Harrisburg	1,099.7	14	1,062.7	12
Barnett Bank FL/Jacksonville	1,065.0	15	805.4	16
Bank of America CA/Pasadena	1,047.0	16	878.7	15
First Chicago NBD Corp. IL/Chicago	1,004.2	17	—	(2)
Signet Bank MD/Baltimore	968.1	18	755.2	18
Wells Fargo Bank CA/Walnut Creek	931.5	19	249.5	53
Secondary Market Services IN/Indianapolis	794.9	20	208.9	57
California Higher Ed Loan Authority CA/San Francisco	789.2	21	552.2	22
Educaid,Trans World Insurance Co. CA/Sacramento	766.6	22	461.4	28
College Foundation Inc. NC/Raleigh	732.5	23	646.9	21
First Union National Bank NJ/North Brunswick	671.0	24	—	(2)
South Carolina Student Loan Corp. SC/Columbia	632.8	25	430.0	31
Union Bank & Trust Company NE/Lincoln	582.9	26	443.5	30
Ill. Designated Acct. Purchase Prog IL/Deerfield	581.3	27	496.0	25
Missouri Higher Ed Loan Authority MO/St Louis	577.5	28	419.1	32
Marine Midland Bank NY/Buffalo	537.8	29	542.4	23
Iowa Student Loan Liquidity Corp. IA/Des Moines	520.2	30	455.2	29
Household Bank, FSB IL/Bloomingdale	517.5	31	468.0	27
Colorado Student Obligation Bond Auth. CO/Denver	516.8	32	479.8	26
Arizona Educational Loan Marketing AZ/Phoenix	498.9	33	310.8	39
Brazos Higher Education Authority TX/Austin	478.6	34	403.5	34
Student Loan Finance Corp. SD/Aberdeen	473.5	35	408.7	33
Utah State Board of Regents UT/Salt Lake City	446.6	36	336.1	37
First Bank NA MN/Minneapolis	429.4	37	293.2	45
Integra Bank PA/Pittsburgh	408.1	38	342.3	36
Indiana Secondary Market IN/Indianapolis	392.8	39	728.3	19
Vermont Ed Loan Finance Program VT/Winooski	386.7	40	309.3	40
Boatmen's Bank MO/St Louis	384.7	41	346.6	35
Corus Bank IL/Chicago	368.5	42	—	(2)
Crestar Bank VA/Richmond	361.8	43	309.0	41
Michigan Higher Ed Student Loan Auth MI/Lansing	333.9	44	304.8	42
Bank of North Dakota ND/Bismarck	308.7	45	279.0	46
Great Western Bank CA/Chatsworth	306.1	46	194.7	60
Mississippi Higher Ed Assist Corp. MS/Jackson	300.6	47	259.5	51
Greater East Texas Higher Ed Auth. TX/Dallas	300.6	48	272.3	49
New Mexico Ed Assistance Foundation NM/Albuquerque	289.8	49	143.6	76
Marshall & Ilsley Bank WI/Milwaukee	280.7	50	265.8	50
Kentucky Higher Ed Student Loan Corp. KY/Frankfort	278.6	51	277.1	47
Texas Higher Ed Coordinating Board TX/Austin	269.7	52	256.9	52
Virginia Education Loan Authority VA/Richmond	269.4	53	293.8	44
Montana High Ed Student Assist Corp. MT/Helena	269.0	54	241.3	54
Bank of Boston Corp MA/Boston	261.7	55	326.6	38
Chase Manhattan Bank FL/Tampa	259.5	56	275.7	48
Volunteer State Student Funding Corp. TN/Knoxville	252.5	57	179.1	63
Panhandle Plains Higher Ed Auth TX/Canyon	235.7	58	209.0	56
Commerce Bank MO/Kansas City	235.2	59	199.6	59
First Financial Bank WI/Stevens Point	226.8	60	186.9	61

Table 39.—Federal Family Education Loan (FFEL) program top 100 current holders of loans as of September 30, 1995 and September 30, 1994 (continued)

Lender name and State(s)/City	FY95 Amount outstanding[1] (In millions)	FY95 Rank	FY94 Amount outstanding[1] (In millions)	FY94 Rank
First Tennessee Bank TN/Maryville	$224.1	61	$200.8	58
Rhode Island Student Loan Authority RI/Warwick	213.5	62	164.2	69
Navy Federal Credit Union VA/Merrifield	197.7	63	159.2	71
Old Kent Bank MI/Grand Rapids	197.6	64	168.1	66
Brazos Student Finance Corp TX/Austin	195.4	65	87.9	98
Maine Educational Loan Marketing ME/Augusta	191.1	66	164.9	68
First National Bank of Commerce LA/New Orleans	187.0	67	153.3	72
North Texas Higher Ed Authority TX/Dallas	184.8	68	146.4	74
Suntrust Bank GA/Atlanta	182.4	69	142.6	77
Bay Bank MA/Waltham	173.9	70	179.8	62
Bac International Credit Corp. FL/Miami	171.8	71	121.4	82
Firstar Bank WI/Milwaukee	170.8	72	177.5	64
Corestates Bank DE/Wilmington	164.9	73	166.4	67
Harvard University MA/Cambridge	162.4	74	143.9	75
First Alabama Bank AL/Mobile	161.4	75	134.4	78
Twin City Federal Savings Bank MN/Minneapolis	154.6	76	129.1	80
Connecticut Student Loan Foundation CT/Rocky Hill	146.0	77	101.6	92
San Antonio Federal Credit Union TX/San Antonio	141.7	78	125.3	81
Comerica Bank MI/Detroit	141.4	79	117.0	86
Teachers Insur. & Annuity Assn. of America NY/New York	140.5	80	—	([2])
Mercantile Bank MO/St Joseph	133.7	81	116.7	87
Slf of I Marketing Assn., Inc. ID/Fruitland	119.5	82	108.5	88
Oklahoma Student Loan Authority OK/Oklahoma City	117.1	83	100.3	93
Student Loan Acquisition Auth. of Arizona AZ/Scottsdale	116.4	84	104.0	90
First of America Bank MI/Kalamazoo	115.9	85	130.0	79
Fifth Third Bank OH/Cincinnati	114.9	86	90.7	97
Central Bank LA/Monroe	111.0	87	94.9	95
Manufacturers & Traders Bank NY/Buffalo	106.3	88	87.3	99
Central Texas Higher Ed Authority TX/San Marcos	104.1	89	84.8	100
Student Loan Finance Association WA/Seattle	103.2	90	92.2	96
Meridian Bank PA/Reading	98.5	91	—	([2])
First Federal Savings Bank WI/Lacrosse	97.9	92	—	([2])
Huntington Bank OH/Columbus	93.9	93	95.7	94
South Texas Higher Ed Authority TX/Houston	91.9	94	—	([2])
Arkansas Student Loan Authority AR/Little Rock	88.5	95	—	([2])
Louisiana Public Facilities Authority LA/Baton Rouge	86.4	96	—	([2])
Alabama Higher Ed Loan Corporation AL/Montgomery	85.0	97	—	([2])
Bank IV KS/Wichita	81.6	98	—	([2])
New Hampshire Higher Ed Loan Corp. NH/Concord	80.9	99	—	([2])
Bank of Hawaii HI/Honolulu	78.9	100	—	([2])
National Bank of Detroit MI/Detroit	—	([2])	771.3	17
First Interstate Bank AZ/Phoenix	—	([2])	662.8	20
First Fidelity Bank NJ/North Brunswick	—	([2])	504.9	24
River Forest Bank IL/Chicago	—	([2])	304.1	43
Higher Ed Loan Program of Kansas KS/Overland Park	—	([2])	230.5	55
First Union National Bank VA/Roanoke	—	([2])	170.7	65
Wachovia Bank NC/Winston-Salem	—	([2])	161.5	70
First National Bank of Chicago IL/Chicago	—	([2])	149.5	73
First Security Bank UT/Salt Lake City	—	([2])	119.6	83
AMSouth Bank AL/Birmingham	—	([2])	119.3	84
Nations Bank TX/Dallas	—	([2])	117.4	85
First Security Bank NM/Albuquerque	—	([2])	104.2	89
Shawmut Bank MA/Cambridge	—	([2])	102.7	91
Total	$84,365.6		$70,784.6	

	As of 9/30/95		As of 9/30/94
Top 10 as a percent of Nation	55.8%		53.8%
Top 25 as a percent of Nation	70.9		68.1
Top 50 as a percent of Nation	82.3		79.2
Top 75 as a percent of Nation	88.1		85.1
Top 100 as a percent of Nation	91.0		88.5

—Not applicable.

[1]Amount outstanding includes Stafford Subsidized, Stafford Unsubsidized Parent Loans for Undergraduate Students (PLUS), Supplemental Loan for Students (SLS), and Consolidation loans.

[2]Lender was not ranked in top 100 that year.

NOTE: Details may not add to totals due to rounding.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, 799 System.

Table 19: Federal Family Education Loan (FFEL) program loan volume commitments for Stafford Subsidized, Stafford Unsubsidized, Parent Loans for Undergraduate Students (PLUS), and Supplemental Loan for Students (SLS) loans, by guaranty agency: FY94–FY96

This table shows a summary of the total volume for the overall FFEL program for each guaranty agency for FY94–FY96. The number of loans, dollar amount, percent change from prior year, percent share of total FFEL program volume, rankings of all guaranty agencies, and rank differences from year to year are tabulated for each agency. (Summary information for this table is discussed in table 4.)

- Guaranty agencies that participated in the FFEL program reported a 14.4 percent decrease in total dollar volume commitments between FY94 and FY96 (from $23.1 to $19.7 billion). Most of this decrease occurred between FY94 and FY95 when FFEL program dollar volume commitments decreased by 9.1 percent.

- USAF, the guaranty agency with the largest dollar volume commitments, guaranteed an increasing share of FFEL program loans between FY94 and FY96 (from 20.5 to 26.8 percent).

- Pennsylvania, the guaranty agency with the second largest dollar volume commitments, also guaranteed an increasing share of FFEL program loan dollars between FY95 and FY96 (from 8.6 percent to 9.0 percent, respectively).

- The five guaranty agencies with the highest volume (USAF, California, Pennsylvania, and New York, Wisconsin (FY94 only), and Texas (FY95–FY96 only)) guaranteed 48.8, 53.3, and 56.5 percent of total FFEL program loan dollars in FY94–FY96, respectively.

- Between FY94 and FY96, several guaranty agencies reported decreases in FFEL program loan volume commitments of between 50 and 80 percent. For example:

    - In FY95, Alabama, Indiana, and Maryland reported a decrease in commitments of over 50 percent. These three states reported no activity in FY96.

    - Iowa, Michigan, Oregon, and Virginia reported a decrease in commitments of over 50 percent between FY94 and FY96.

    - In FY96, Delaware and Ohio reported a decrease in loan commitments of over 70 percent from FY95. Loan commitment activities in these two states decreased by over 80 percent between FY94 and FY96.

Table 19.—Federal Family Education Loan (FFEL) program loan volume commitments for Stafford Subsidized, Stafford Unsubsidized, Parent Loans for Undergraduate Students (PLUS), and Supplemental Loan for Students (SLS) loans, by guaranty agency: FY94–FY96

Guaranty agency[1]	FY94		FY95		FY96		Percent change FY94-FY95		Percent change FY95-FY96		Percent change FY94-FY96		Percent share of total					
	Loans	Dollars (in thousands)	Loans	Dollars (in thousands)	Loans	Dollars (in thousands)	Loans	Dollars	Loans	Dollars	Loans	Dollars	Loans - FY94	Loans - FY95	Loans - FY96	Dollars FY94	Dollars FY95	Dollars FY96
Alabama	40,727	$126,001	18,628	$52,251	—	—	-54.3	-58.5	—	—	—	—	0.6	0.3	—	0.5	0.2	—
Arkansas	42,390	120,887	39,460	120,632	43,557	$140,203	-6.9	-0.2	10.4	16.2	2.8	16.0	0.6	0.7	0.8	0.5	0.6	0.7
California	467,347	1,912,803	339,020	1,601,311	350,621	1,409,594	-27.5	-16.3	3.4	-12.0	-25.0	-26.3	6.9	5.8	6.6	8.3	7.6	7.1
Colorado	102,735	323,408	83,423	262,784	81,060	257,660	-18.8	-18.7	-2.8	-2.0	-21.1	-20.3	1.5	1.4	1.5	1.4	1.3	1.3
Connecticut	48,664	167,180	46,523	172,478	42,249	160,893	-4.4	3.2	-9.2	-6.7	-13.2	-3.8	0.7	0.8	0.8	0.7	0.8	0.8
Delaware	9,954	34,403	6,496	22,008	1,496	5,199	-34.7	-36.0	-77.0	-76.4	-85.0	-84.9	0.1	0.1	0.0	0.1	0.1	0.0
Florida	172,957	521,984	162,827	499,862	166,561	524,394	-5.9	-4.2	2.3	4.9	-3.7	0.5	2.6	2.8	3.1	2.3	2.4	2.7
Georgia	110,325	321,985	87,080	254,586	56,234	177,377	-21.1	-20.9	-35.4	-30.3	-49.0	-44.9	1.6	1.5	1.1	1.4	1.2	0.9
Idaho	9,583	23,745	—	—	—	—	—	—	—	—	—	—	0.1	—	—	0.1	—	—
Illinois	207,653	709,643	163,170	573,189	129,529	494,363	-21.4	-19.2	-20.6	-13.8	-37.6	-30.3	3.1	2.8	2.4	3.1	2.7	2.5
Indiana	127,072	372,051	59,354	151,910	—	—	-53.3	-59.2	—	—	—	—	1.9	1.0	—	1.6	0.7	—
Iowa	112,931	335,909	69,822	213,705	47,168	163,128	-38.2	-36.4	-32.4	-23.7	-58.2	-51.4	1.7	1.2	0.9	1.5	1.0	0.8
Kentucky	82,360	233,209	76,899	230,836	76,493	248,282	-6.6	-1.0	-0.5	7.6	-7.1	6.5	1.2	1.3	1.4	1.0	1.1	1.3
Louisiana	54,085	162,568	59,803	185,997	61,180	194,573	10.6	14.4	2.3	4.6	13.1	19.7	0.8	1.0	1.1	0.7	0.9	1.0
Maine	38,680	120,990	35,428	119,712	37,106	128,268	-8.4	-1.1	4.7	7.1	-4.1	6.0	0.6	0.6	0.7	0.5	0.6	0.7
Maryland	58,535	203,621	26,522	85,652	—	—	-54.7	-57.9	—	—	—	—	0.9	0.5	—	0.9	0.4	—
Massachusetts	258,230	1,099,450	201,225	906,464	147,036	706,922	-22.1	-17.6	-26.9	-22.0	-43.1	-35.7	3.8	3.4	2.8	4.8	4.3	3.6
Michigan	192,775	550,402	119,281	334,617	92,317	271,404	-38.1	-39.2	-22.6	-18.9	-52.1	-50.7	2.9	2.0	1.7	2.4	1.6	1.4
Minnesota	181,914	794,979	154,198	707,886	143,296	692,232	-15.2	-11.0	-7.1	-2.2	-21.2	-12.9	2.7	2.6	2.7	3.4	3.4	3.5
Mississippi	59,083	168,587	—	—	—	—	—	—	—	—	—	—	0.9	—	—	0.7	—	—
Missouri	96,916	306,729	78,046	239,455	61,796	195,794	-19.5	-21.9	-20.8	-18.2	-36.2	-36.2	1.4	1.3	1.2	1.3	1.1	1.0
Montana	32,422	94,381	29,490	89,447	27,953	87,141	-9.0	-5.2	-5.2	-2.6	-13.8	-7.7	0.5	0.5	0.5	0.4	0.4	0.4
Nebraska	104,486	378,434	93,536	351,092	78,706	313,344	-10.5	-7.2	-15.9	-10.8	-24.7	-17.2	1.6	1.6	1.5	1.6	1.7	1.6
New Hampshire	34,897	116,869	38,503	134,417	38,255	133,898	10.3	15.0	-0.6	-0.4	9.6	14.6	0.5	0.7	0.7	0.5	0.6	0.7
New Jersey	106,308	345,757	85,630	288,025	59,848	214,229	-19.5	-16.7	-30.1	-25.6	-43.7	-38.0	1.6	1.5	1.1	1.5	1.4	1.1
New Mexico	33,954	95,816	28,584	82,359	24,842	71,803	-15.8	-14.0	-13.1	-12.8	-26.8	-25.1	0.5	0.5	0.5	0.4	0.4	0.4
New York	479,491	1,671,289	422,402	1,554,246	367,156	1,404,308	-11.9	-7.0	-13.1	-9.6	-23.4	-16.0	7.1	7.2	6.9	7.2	7.4	7.1
North Carolina	67,163	195,810	54,226	164,560	47,338	154,748	-19.3	-16.0	-12.7	-6.0	-29.5	-21.0	1.0	0.9	0.9	0.8	0.8	0.8
North Dakota	26,018	70,197	25,502	70,248	20,505	58,854	-2.0	0.1	-19.6	-16.2	-21.2	-16.2	0.4	0.4	0.4	0.3	0.3	0.3
Ohio	162,023	514,785	111,638	336,232	29,351	86,586	-31.1	-34.7	-73.7	-74.2	-81.9	-83.2	2.4	1.9	0.6	2.2	1.6	0.4
Oklahoma	86,900	238,322	92,685	266,604	95,813	286,786	6.7	11.9	3.4	7.6	10.3	20.3	1.3	1.6	1.8	1.0	1.3	1.5
Oregon	59,280	184,449	37,989	114,857	23,745	74,732	-35.9	-37.7	-37.5	-34.9	-59.9	-59.5	0.9	0.6	0.4	0.8	0.5	0.4
Pennsylvania	509,128	1,747,427	518,049	1,808,828	482,658	1,777,342	1.8	3.5	-6.8	-1.7	-5.2	1.7	7.6	8.8	9.0	7.6	8.6	9.0
Puerto Rico	1,155	3,005	—	—	—	—	—	—	—	—	—	—	0.0	—	—	0.0	—	—
Rhode Island	36,921	125,684	38,486	132,384	34,132	119,197	4.2	5.3	-11.3	-10.0	-7.6	-5.2	0.5	0.7	0.6	0.5	0.6	0.6
South Carolina	66,792	191,169	59,826	195,931	59,444	202,958	-10.4	2.5	-0.6	3.6	-11.0	6.2	1.0	1.0	1.1	0.8	0.9	1.0
South Dakota	36,187	101,805	37,131	107,485	36,185	107,890	2.6	5.6	-2.5	0.4	0.0	6.0	0.5	0.6	0.7	0.4	0.5	0.5
Tennessee	92,721	279,089	95,254	295,997	96,003	311,252	2.7	6.1	0.8	5.2	3.5	11.5	1.4	1.6	1.8	1.2	1.4	1.6
Texas	337,062	1,067,232	354,327	1,155,767	375,452	1,270,650	5.1	8.3	6.0	9.9	11.4	19.1	5.0	6.0	7.0	4.6	5.5	6.4
USAF	1,310,859	4,724,262	1,324,182	5,040,721	1,327,692	5,293,075	1.0	6.7	0.3	5.0	1.3	12.0	19.4	22.6	24.9	20.5	24.1	26.8
Utah	51,789	178,293	53,656	189,563	49,815	176,683	3.6	6.3	-7.2	-6.8	-3.8	-0.9	0.8	0.9	0.9	0.8	0.9	0.9
Vermont	29,738	99,096	25,345	96,500	22,195	90,759	-14.8	-2.6	-12.4	-5.9	-25.4	-8.4	0.4	0.4	0.4	0.4	0.5	0.5
Virgin Islands	376	1,267	—	—	—	—	—	—	—	—	—	—	0.0	—	—	0.0	—	—
Virginia	124,132	423,723	91,567	292,654	58,103	183,506	-26.2	-30.9	-36.5	-37.3	-53.2	-56.7	1.8	1.6	1.1	1.8	1.4	0.9
Washington	119,687	396,844	110,103	376,775	97,614	365,275	-8.0	-5.1	-11.3	-3.1	-18.4	-8.0	1.8	1.9	1.8	1.7	1.8	1.9
Wisconsin	356,016	1,197,292	313,406	1,070,699	345,767	1,172,648	-12.0	-10.6	10.3	9.5	-2.9	-2.1	5.3	5.3	6.5	5.2	5.1	5.9
Total	6,740,421	23,052,831	5,868,722	20,950,723	5,336,271	19,727,950	-12.9	-9.1	-9.1	-5.8	-20.8	-14.4	100.0	100.0	100.0	100.0	100.0	100.0

Table 19.—Federal Family Education Loan (FFEL) program loan volume commitments for Stafford Subsidized, Stafford Unsubsidized, PLUS, and SLS loans, by guaranty agency: FY94–FY96 (continued)

	Ranking in FY94, FY95, and FY96			Rank				Rank difference		
Rank	FY94	FY95	FY96	Guaranty agency	FY94	FY95 [2]	FY96 [2]	FY94–FY95	FY95–FY96	FY94–FY9
1	USAF	USAF	USAF	Alabama	33	41	—	8	—	
2	California	Pennsylvania	Pennsylvania	Arkansas	36	32	28	-4	-4	
3	Pennsylvania	California	California	California	2	3	3	1	0	
4	New York	New York	New York	Colorado	19	19	16	0	-3	
5	Wisconsin	Texas	Texas	Connecticut	31	27	27	-4	0	
6	Massachusetts	Wisconsin	Wisconsin	Delaware	43	42	39	-1	-3	
7	Texas	Massachusetts	Minnesota	Florida	11	10	9	-1	-1	
8	Minnesota	Minnesota	Massachusetts	Georgia	20	20	23	0	3	
9	Illinois	Illinois	Florida	Idaho	44	—	—	—	—	
10	Michigan	Florida	Illinois	Illinois	9	9	10	0	1	
11	Florida	Washington	Washington	Indiana	16	29	—	13	—	
12	Ohio	Nebraska	Tennessee	Iowa	18	23	25	5	2	
13	Virginia	Ohio	Nebraska	Kentucky	24	22	17	-2	-5	
14	Washington	Michigan	Oklahoma	Louisiana	32	26	20	-6	-6	
15	Nebraska	Tennessee	Michigan	Maine	35	33	30	-2	-3	
16	Indiana	Virginia	Colorado	Maryland	25	38	—	13	—	
17	New Jersey	New Jersey	Kentucky	Massachusetts	6	7	8	1	1	
18	Iowa	Oklahoma	South Carolina	Michigan	10	14	15	4	1	
19	Colorado	Colorado	Missouri	Minnesota	8	8	7	0	-1	
20	Georgia	Georgia	Louisiana	Mississippi	30	—	—	—	—	
21	Missouri	Missouri	New Jersey	Missouri	21	21	19	0	-2	
22	Tennessee	Kentucky	Utah	Montana	41	37	33	-4	-4	
23	Oklahoma	Iowa	Georgia	Nebraska	15	12	13	-3	1	
24	Kentucky	South Carolina	Virginia	New Hampshire	37	30	29	-7	-1	
25	Maryland	Utah	Iowa	New Jersey	17	17	21	0	4	
26	North Carolina	Louisiana	North Carolina	New Mexico	40	39	36	-1	-3	
27	South Carolina	Connecticut	Connecticut	New York	4	4	4	0	0	
28	Oregon	North Carolina	Arkansas	North Carolina	26	28	26	2	-2	
29	Utah	Indiana	New Hampshire	North Dakota	42	40	38	-2	-2	
30	Mississippi	New Hampshire	Maine	Ohio	12	13	34	1	21	
31	Connecticut	Rhode Island	South Dakota	Oklahoma	23	18	14	-5	-4	
32	Louisiana	Arkansas	Rhode Island	Oregon	28	34	37	6	3	
33	Alabama	Maine	Montana	Pennsylvania	3	2	2	-1	0	
34	Rhode Island	Oregon	Ohio	Puerto Rico	45	—	—	—	—	
35	Maine	South Dakota	Vermont	Rhode Island	34	31	32	-3	1	
36	Arkansas	Vermont	New Mexico	South Carolina	27	24	18	-3	-6	
37	New Hampshire	Montana	Oregon	South Dakota	38	35	31	-3	-4	
38	South Dakota	Maryland	North Dakota	Tennessee	22	15	12	-7	-3	
39	Vermont	New Mexico	Delaware	Texas	7	5	5	-2	0	
40	New Mexico	North Dakota		USAF	1	1	1	0	0	
41	Montana	Alabama		Utah	29	25	22	-4	-3	
42	North Dakota	Delaware		Vermont	39	36	35	-3	-1	
43	Delaware			Virgin Islands	46	—	—	—	—	
44	Idaho			Virginia	13	16	24	3	8	
45	Puerto Rico			Washington	14	11	11	-3	0	
46	Virgin Islands			Wisconsin	5	6	6	1	0	

—Not applicable.

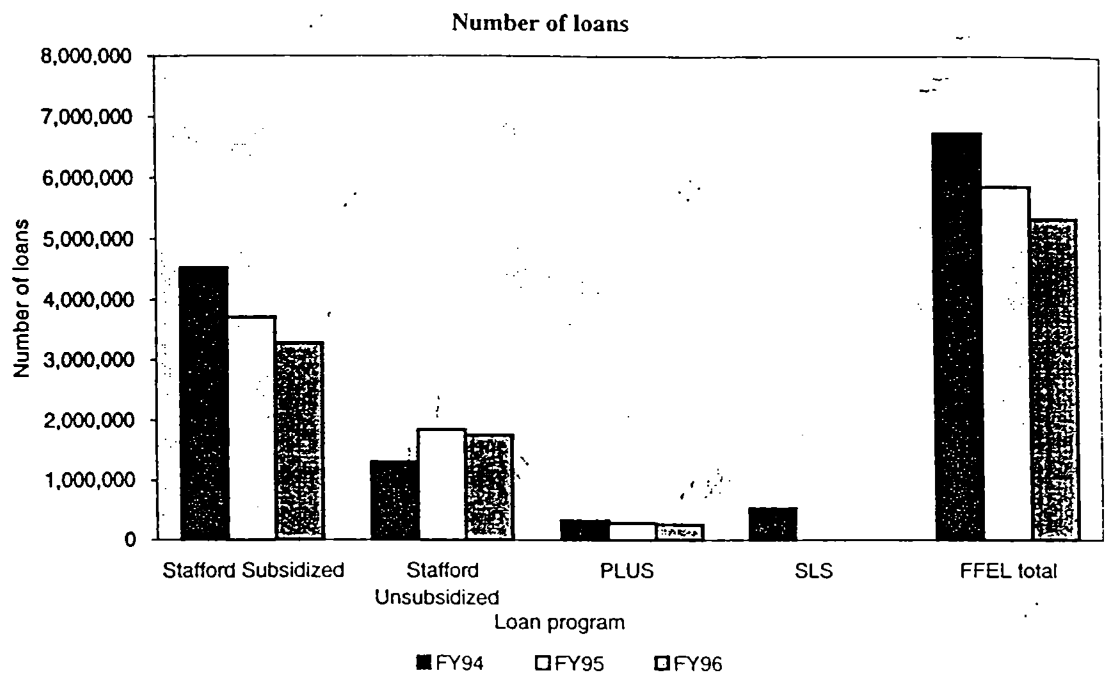
[1]Guaranty agency assignments vary from year to year. In FY94, FY95, and FY96, USAF was the designated guarantor for AK, AZ, HI, KS, MS, NV, PI, and WY; MA was the designated guarantor for DC; WA for ID; WI for PR; and PA for WV. Additionally, in FY95 and FY96, USAF was the designated guarantor for MD and IN; WI for VT and KY for AL; and in FY96, WI was the designated guarantor for OH and PA for DE.

[2]The lowest ranks for FY95 and FY96 were 42 and 39, respectively.

NOTES: "Commitments" excludes Consolidation loans and PLUS and SLS refinanced loans authorized under the Higher Education Amendments of 1986. The loan volume reported in this table includes some loans that later may be canceled. Rankings are based on dollar amounts. Totals reported in tables 4 and 15–20 use ED Form 1130 and will differ slightly from totals reported in tables 6–10 and 21–25 that rely on data from the NSLDS. Details may not add to totals due to rounding. Calculations are based on numbers before rounding.

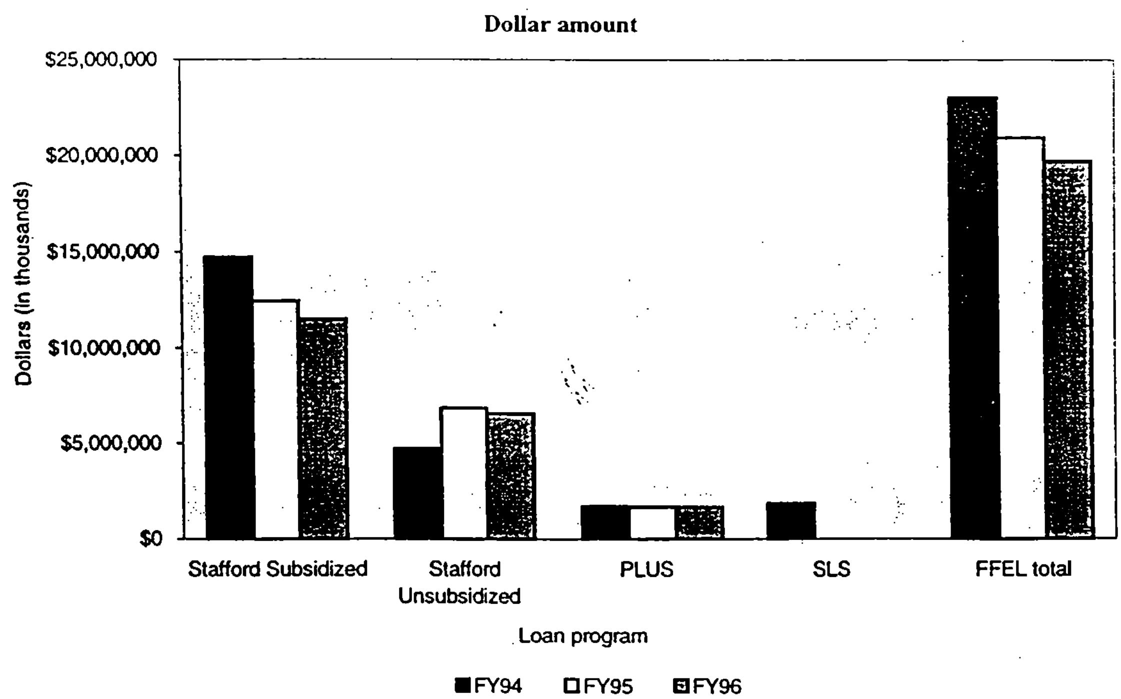
SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

Federal Family Education Loan (FFEL) program loan volume commitments, by loan program: FY94–FY96



NOTE: The Supplemental Loan for Students (SLS) program ended in FY94. "Commitments" excludes Consolidation loans and PLUS and SLS refinanced loans authorized under the Higher Education Amendments of 1986.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.



NOTE: The Supplemental Loan for Students (SLS) program ended in FY94. "Commitments" excludes Consolidation loans and PLUS and SLS refinanced loans authorized under the Higher Education Amendments of 1986.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

Table 20: Federal Family Education Loan (FFEL) program loan volume commitments for Consolidation loans, by guaranty agency: FY94–FY96

This table shows Consolidation loan volume commitment totals for each guaranty agency for FY94–FY96. The number of loans, dollar amount, percent change from prior year, percent share of total Consolidation loans guaranteed, rankings of all guaranty agencies, and rank differences from year to year are tabulated for each agency.

- While steadily increasing each year between FY94 and FY96, Consolidation dollar volume remained relatively small when compared to the loan volume of other FFEL program loan types. However, the total dollar volume more than doubled during this period.
- USAF, the guaranty agency with the largest number of FFEL program commitments, consolidated an increasing share of FFEL program loan dollars. In FY94–FY96, USAF guaranteed 37.2, 39.4, and 42.0 percent of the total for Consolidation loans, respectively.

NOTES: Consolidation loans are not reported as commitments in the same manner as are other FFEL program loan types. They are not included in table 19 that summarizes the loan volume commitments for the FFEL program. Consolidation occurs when a borrower with multiple loans from two or more lenders or guarantors selects a lender and requests that all of his or her loans be consolidated into one loan. This is advantageous to the borrower because he or she can now make one payment to one lender.

Table 20.—Federal Family Education Loan (FFEL) program loan volume commitments for Consolidation loans, by guaranty agency: FY94–FY96

Guaranty agency[1]	FY94 Loans	FY94 Dollars (In thousands)	FY95 Loans	FY95 Dollars (In thousands)	FY96 Loans	FY96 Dollars (In thousands)	Percent change FY94-FY95 Loans	Percent change FY94-FY95 Dollars	Percent change FY95-FY96 Loans	Percent change FY95-FY96 Dollars	Percent change FY94-FY96 Loans	Percent change FY94-FY96 Dollars	Percent share of total Loans - FY94	Loans - FY95	Loans - FY96	Dollars FY94	Dollars FY95	Dollars - FY96
Alabama	90	$1,555	232	$4,532	—	—	157.8	191.5	—	—	—	—	0.1	0.1	—	0.1	0.1	—
Arkansas	436	7,242	484	8,951	713	$14,150	11.0	23 6	47.3	58.1	63.5	95.4	0.4	0.2	0.3	0.4	0.3	0.3
California	8,462	164,840	12,246	204,244	16411	285,428	44.7	23.9	34 0	39.7	93.9	73.2	7.7	5.9	6.3	8.2	6.3	7.0
Colorado	2,456	41,621	3,496	60,763	4314	77,162	42.3	46.0	23 4	27.0	75.7	85.4	2.2	1.7	1.6	2.1	1.9	1.9
Connecticut	277	3,640	18	311	—	—	-93.5	-91.5	—	—	—	—	0.3	0.0	—	0.2	0.0	—
Delaware	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Florida	555	9,663	1,419	23,760	2206	37,198	155.7	145.9	55.5	56.6	297.5	284.9	0.5	0.7	0.8	0.5	0.7	0.9
Georgia	64	1,007	589	4,732	—	—	820.3	370.0	—	—	—	—	0.1	0.3	—	0.0	0.1	—
Idaho	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Illinois	6,252	117,481	10,867	207,805	19038	252,997	73.8	76.9	75.2	21.7	204.5	115.4	5.7	5.2	7.3	5.8	6.4	6.2
Indiana	600	10,512	722	10,996	—	—	20.3	4.6	—	—	—	—	0.5	0.3	—	0.5	0.3	—
Iowa	1,186	21,939	2,438	46,632	1955	39,850	105.6	112.6	-19.8	-14.5	64.8	81.6	1.1	1.2	0.7	1.1	1.4	1.0
Kentucky	54	1,050	1,012	13,491	2244	35,766	1,774.1	1,184.7	121.7	165.1	4,055.6	3,305.9	0.0	0.5	0.9	0.1	0.4	0.9
Louisiana	296	5,155	9	12	—	—	-97.0	-99.8	—	—	—	—	0.3	0.0	—	0.3	0.0	—
Maine	235	3,735	914	11,794	734	10,717	288.9	215 8	-19.7	-9.1	212.3	187.0	0.2	0.4	0.3	0.2	0.4	0.3
Maryland	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Massachusetts	4,040	85,288	986	39,906	1905	63,849	-75.6	-53.2	93.2	60.0	-52.8	-25.1	3.7	0.5	0.7	4.2	1.2	1.6
Michigan	884	14,173	1,846	29,716	1756	32,355	108.8	109.7	-4.9	8.9	98.6	128.3	0.8	0.9	0.7	0.7	0.9	0.8
Minnesota	10	120	142	3,859	483	13,661	1,320.0	3,105.8	240.1	254.0	4,730.0	######	0.0	0.1	0.2	0.0	0.1	0.3
Mississippi	453	8,625	—	—	—	—	—	—	—	—	—	—	0.4	—	—	0.4	—	—
Missouri	1,328	20,302	2,154	32,314	2155	37,727	62.2	59.2	0.0	16.8	62.3	85.8	1.2	1.0	0.8	1.0	1.0	0.9
Montana	677	11,216	824	13,529	592	12,343	21.7	20.6	-28.2	-8.8	-12.6	10.0	0.6	0.4	0.2	0.6	0.4	0.3
Nebraska	3,054	49,235	9,008	117,984	8481	121,633	195.0	139.6	-5.9	3.1	177.7	147.0	2.8	4.3	3.2	2.4	3.6	3 0
New Hampshire	183	2,805	62	1,122	185	3,109	-66.1	-60.0	198.4	177.0	1.1	10.8	0.2	0.0	0.1	0.1	0.0	0.1
New Jersey	1,865	23,747	2,050	26,663	539	6,528	9.9	12.3	-73.7	-75.5	-71.1	-72.5	1.7	1.0	0.2	1.2	0.8	0.2
New Mexico	275	5,003	738	10,361	—	—	168.4	107.1	—	—	—	—	0.2	0.4	—	0.2	0.3	—
New York	3,947	90,405	4,992	115,864	7113	178,463	26.5	28.2	42.5	54.0	80.2	97.4	3.6	2.4	2.7	4.5	3.6	4.3
North Carolina	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
North Dakota	—	—	—	—	367	7,529	—	—	—	—	—	—	—	—	0.1	—	—	0.2
Ohio	21	334	72	1,087	—	—	242.9	226.0	—	—	—	—	0.0	0.0	—	0.0	0.0	—
Oklahoma	3,190	54,264	9,482	168,567	3770	71,627	197.2	210.6	-60.2	-57.5	18.2	32.0	2.9	4.6	1.4	2.7	5.2	1.7
Oregon	—	—	—	—	1037	23,134	—	—	—	—	—	—	—	—	0.4	—	—	0.6
Pennsylvania	11,132	229,780	20,130	412,643	20802	372,582	80.8	79.6	3.3	-9.7	86.9	62.1	10.1	9.7	7.9	11.4	12.6	9.1
Puerto Rico	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Rhode Island	242	3,676	684	8,350	744	10,299	182.6	127.2	8.8	23.3	207.4	180.2	0.2	0.3	0.3	0.2	0.3	0.3
South Carolina	—	—	585	11,000	1044	19,673	—	—	78.5	78.8	—	—	—	0.3	0.4	—	0.3	0.5
South Dakota	1,173	18,511	3,429	35,311	1172	19,677	192.3	90.8	-65.8	-44.3	-0.1	6.3	1.1	1.6	0.4	0.9	1.1	0.5
Tennessee	318	5,134	603	9,001	958	16,654	89.6	75.3	58.9	85.0	201.3	224.4	0.3	0.3	0.4	0.3	0.3	0.4
Texas	8,558	171,802	11,627	183,845	26429	469,765	35.9	7.0	127.3	155.5	208.8	173.4	7.7	5.6	10.1	8.5	5.6	11.4
USAF	42,871	749,991	94,005	1,285,609	126017	1,722,698	119.3	71.4	34.1	34.0	193.9	129.7	38.8	45.2	48.0	37.2	39.4	42.0
Utah	766	13,821	1,345	22,078	1756	27,687	75.6	59.7	30.6	25.4	129.2	100.3	0.7	0.6	0.7	0.7	0.7	0.7
Vermont	437	7,067	872	15,329	513	9,685	99.5	116.9	-41.2	-36.8	17.4	37.0	0.4	0.4	0.2	0.4	0.5	0.2
Virgin Islands	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Virginia	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington	2,990	44,990	4,194	68,425	3997	66,409	40.3	52.1	-4.7	-2.9	33.7	47.6	2.7	2.0	1.5	2.2	2.1	1.6
Wisconsin	1,125	17,852	3,827	51,660	2878	43,035	240.2	189.4	-24 8	-16.7	155.8	141.1	1.0	1.8	1.1	0.9	1.6	1.0
Total	110,502	2,017,581	208,103	3,262,244	262308	4,103,389	88.3	61.7	26.0	25.8	137.4	103.4	100.0	99.9	100.0	100.1	100.1	100.0

Table 20.—Federal Family Education Loan (FFEL) program loan volume commitments for Consolidation loans, by guaranty agency: FY94–FY96 (continued)

	Ranking in FY94, FY95, and FY96				Rank			Rank difference		
Rank	FY94	FY95	FY96	Guaranty agency	FY94	FY95[2]	FY96[2]	FY94–FY95	FY95–FY96	FY94–FY96
1	USAF	USAF	USAF	Alabama	32	31	—	-1	—	—
2	Pennsylvania	Pennsylvania	Texas	Arkansas	23	28	23	5	-5	0
3	Texas	Illinois	Pennsylvania	California	4	4	4	0	0	0
4	California	California	California	Colorado	11	10	8	-1	-2	-3
5	Illinois	Texas	Illinois	Connecticut	30	35	—	5	—	—
6	New York	Oklahoma	New York	Florida	21	18	15	-3	-3	-6
7	Massachusetts	Nebraska	Nebraska	Georgia	34	30	—	-4	—	—
8	Oklahoma	New York	Colorado	Illinois	5	3	5	-2	2	0
9	Nebraska	Washington	Oklahoma	Indiana	20	25	—	5	—	—
10	Washington	Colorado	Washington	Iowa	13	12	13	-1	1	0
11	Colorado	Wisconsin	Massachusetts	Kentucky	33	22	16	-11	-6	-17
12	New Jersey	Iowa	Wisconsin	Louisiana	25	36	—	11	—	—
13	Iowa	Massachusetts	Iowa	Maine	28	23	26	-5	3	-2
14	Missouri	South Dakota	Missouri	Massachusetts	7	13	11	6	-2	4
15	South Dakota	Missouri	Florida	Michigan	17	16	17	-1	1	0
16	Wisconsin	Michigan	Kentucky	Minnesota	36	32	24	-4	-8	-12
17	Michigan	New Jersey	Michigan	Mississippi	22	—	—	—	—	—
18	Utah	Florida	Utah	Missouri	14	15	14	1	-1	0
19	Montana	Utah	Oregon	Montana	19	21	25	2	4	6
20	Indiana	Vermont	South Dakota	Nebraska	9	7	7	-2	0	-2
21	Florida	Montana	South Carolina	New Hampshire	31	33	31	2	-2	0
22	Mississippi	Kentucky	Tennessee	New Jersey	12	17	30	5	13	18
23	Arkansas	Maine	Arkansas	New Mexico	27	26	—	-1	—	—
24	Vermont	South Carolina	Minnesota	New York	6	8	6	2	-2	0
25	Louisiana	Indiana	Montana	North Dakota	—	—	29	—	—	—
26	Tennessee	New Mexico	Maine	Ohio	35	34	—	-1	—	—
27	New Mexico	Tennessee	Rhode Island	Oklahoma	8	6	9	-2	3	1
28	Maine	Arkansas	Vermont	Oregon	—	—	19	—	—	—
29	Rhode Island	Rhode Island	North Dakota	Pennsylvania	2	2	3	0	1	1
30	Connecticut	Georgia	New Jersey	Rhode Island	29	29	27	0	-2	-2
31	New Hampshire	Alabama	New Hampshire	South Carolina	—	24	21	—	-3	—
32	Alabama	Minnesota		South Dakota	15	14	20	-1	6	5
33	Kentucky	New Hampshire		Tennessee	26	27	22	1	-5	-4
34	Georgia	Ohio		Texas	3	5	2	2	-3	-1
35	Ohio	Connecticut		USAF	1	1	1	0	0	0
36	Minnesota	Louisiana		Utah	18	19	18	1	-1	0
				Vermont	24	20	28	-4	8	4
				Washington	10	9	10	-1	1	0
				Wisconsin	16	11	12	-5	1	-4

—Not applicable.

[1]Guaranty agency assignments vary from year to year. In FY94, FY95, and FY96, USAF was the designated guarantor for AK, AZ, HI, KS, MS, NV, PI, and WY; MA was the designated guarantor for DC; WA for ID; WI for PR; and PA for WV. Additionally, in FY95 and FY96, USAF was the designated guarantor for MD and IN; WI for VI; and KY for AL; and in FY96, WI was the designated guarantor for OH; and PA for DE.

[2]The lowest ranks for FY95 and FY96 were 42 and 39, respectively.

NOTES: "Commitments" excludes Consolidation loans and PLUS and SLS refinanced loans authorized under the Higher Education Amendments of 1986. The loan volume reported in this table includes some loans that later may be canceled. Rankings are based on dollar amounts. Details may not add to totals due to rounding. Calculations are based on numbers before rounding. 0.0 indicates a number less than 0.05.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

Table 37: Federal Family Education Loan (FFEL) program estimated dollars outstanding, as of September 30 of each fiscal year, by loan program: FY86–FY96

This table shows the amount of dollars outstanding for each of the five FFEL programs and the combined FFEL program totals for FY86–FY96. The table includes figures representing the total volume of dollars in school, in repayment, and outstanding.

- Between FY86 and FY96, the total volume of FFEL program dollars outstanding increased each year (from $38.6 billion in FY86 to $100.0 billion in FY96, a 159.4 percent increase).
- FFEL program dollars outstanding increased from the prior year by 15.9 percent in FY94 (from $69.0 to $80.0 billion); 15.9 percent in FY95 (from $80.0 to $92.7 billion); and 7.9 percent in FY96 (from $92.7 to $100.0 billion); resulting in an overall increase of 44.9 percent from FY93–FY96.
- Even though the dollars outstanding increased each year between FY94 and FY96, the various loan programs that constitute the FFEL program presented different patterns in their changes during these years. For example:
  - In FY96, the dollars outstanding for the Stafford Subsidized loan program decreased by 3.4 percent (from $62.8 in FY95 to $60.6 billion in FY96). The dollars outstanding for the Supplemental Loan for Students (SLS) program also decreased from the previous year by 17.2 percent in FY95 (from $9.0 to $7.5 billion) and by 19.3 percent in FY96 (from $7.5 to $6.0 billion). Since the SLS program ended in FY94, it would not show increases.
  - In FY95, the increase in the Stafford Unsubsidized loan program dollars outstanding was substantially greater than that reported for the FFEL program as a whole. Following the first year of implementation (FY94), the Stafford Unsubsidized dollars outstanding increased by 328.3 percent (from $1.7 to $7.4 billion). Between FY95 and FY96, the Stafford Unsubsidized dollars outstanding increased by 80.3 percent (from $7.4 to $13.4 billion).
  - The Consolidation loan program also had larger increases in dollars outstanding than those reported for the overall FFEL program. Increases from the prior years in FY94–FY96 were 20.7, 38.5 and 44.8 percent, rising to $7.2, $9.9, and $14.4 billion, respectively.
- Even though the proportion of Stafford Subsidized dollars outstanding to total FFEL program dollars outstanding decreased each year, the Stafford Subsidized program continued to represent the majority of FFEL program dollars outstanding from FY86–FY96. In FY86, the Stafford Subsidized amount of dollars outstanding represented 96.5 percent of total FFEL program dollars outstanding, while in FY96, this proportion decreased to 60.6 percent. For example:
  - The proportion of the Stafford Unsubsidized dollars outstanding to total FFEL program dollars outstanding increased from 2.2 percent in FY94 ($1.7 out of $80.0 billion) to 13.4 percent in FY96 ($13.4 out of $100.0 billion).
  - The proportion of Parent Loans for Undergraduate Students (PLUS) and SLS loans to total FFEL program dollars outstanding increased from 1.7 and 1.8 percent, respectively, in FY86 as compared to an increase from 5.6 and 6.0 percent, for PLUS and SLS loans, respectively, in FY96.

Table 37: Federal Family Education Loan (FFEL) program estimated dollars outstanding, as of September 30 of each fiscal year, by loan program: FY86–FY96 (continued)

- In FY87, the Consolidation loan program represented 0.6 percent of total FFEL program dollars outstanding. In contrast, the Consolidation loan program represented 14.4 percent of total dollars outstanding in FY96.

- From FY86–FY96, the proportion of the total number of dollars in school to the total number of dollars outstanding decreased overall, from 45.8 percent in FY86 ($17.7 out of $38.6 billion) to 32.2 percent in FY93 ($22.2 out of $69.0 billion). In contrast, the proportion of the total numbers of dollars in school to the total numbers of dollars outstanding increased overall (32.2, 34.0, 38.0, and 36.1 percent in FY93–FY96, respectively). This is not representative of the trends shown in the Stafford Subsidized and Unsubsidized programs. For example:

  - The annual dollars in school as a percentage of total Stafford Subsidized dollars outstanding fluctuated between 47.5 percent in FY86 ($17.7 out of $37.2 billion) and 42.9 percent in FY96 ($26.0 out of $60.6 billion).

  - The annual dollars in school as a percentage of total Stafford Unsubsidized dollars outstanding was 93.9, 90.0, and 75.1 percent in FY94–FY96 ($1.6 out of $1.7; $6.7 out of $7.4; and $10.1 out of $13.4 billion), respectively.

NOTE: The "Dollars in school" category does not apply to PLUS, SLS, and Consolidation loans because PLUS and SLS loans go into repayment on the date the loan is disbursed by the lender, and Consolidation occurs only after a borrower starts the repayment process.

Table 37.—Federal Family Education Loan (FFEL) program estimated dollars outstanding, as of September 30th of each fiscal year, by loan program: FY86–FY96

	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96
						(In millions)					
Stafford Subsidized/FISLP											
Dollars in school	$17.662	$17.842	$17.875	$18.173	$19.041	$18.500	$20.134	$22.200	$25.559	$28.527	$26.007
Dollars in repayment	19.525	22.861	24.167	25.399	26.388	28.479	28.495	29.743	32.038	34.248	34.612
Dollars outstanding	37.187	40.703	42.042	43.572	45.429	46.979	48.629	51.943	57.597	62.775	60.619
Stafford Unsubsidized[1]											
Dollars in school	—	—	—	—	—	—	—	—	$1.631	$6.692	$10.072
Dollars in repayment	—	—	—	—	—	—	—	—	106	747	3.339
Dollars outstanding	—	—	—	—	—	—	—	—	1.737	7.439	13.411
PLUS											
Dollars in repayment	$656	$822	$1.142	$1.572	$2.037	$2.607	$3.269	$3.968	$4.434	$5.057	$5.559
Dollars outstanding	656	822	1.142	1.572	2.037	2.607	3.269	3.968	4.434	5.057	5.559
SLS											
Dollars in repayment	$707	$1.317	$2.813	$4.073	$4.457	$4.684	$5.618	$7.141	$9.026	$7.470	$6.027
Dollars outstanding	707	1.317	2.813	4.073	4.457	4.684	5.618	7.141	9.026	7.470	6.027
Consolidation[2]											
Dollars in repayment	—	$267	$892	$1.510	$2.203	$3.227	$4.484	$5.948	$7.178	$9.941	$14.391
Dollars outstanding	—	267	892	1.510	2.203	3.227	4.484	5.948	7.178	9.941	14.391
FFEL program total											
Dollars in school	$17.662	$17.842	$17.875	$18.173	$19.041	$18.500	$20.134	$22.200	$27.190	$35.219	$36.079
Dollars in repayment	20.888	25.267	29.014	32.554	35.085	38.997	41.866	46.800	52.782	57.463	63.928
Dollars outstanding	38.550	43.109	46.889	50.727	54.126	57.497	62.000	69.000	79.972	92.682	100.007

—Not applicable.

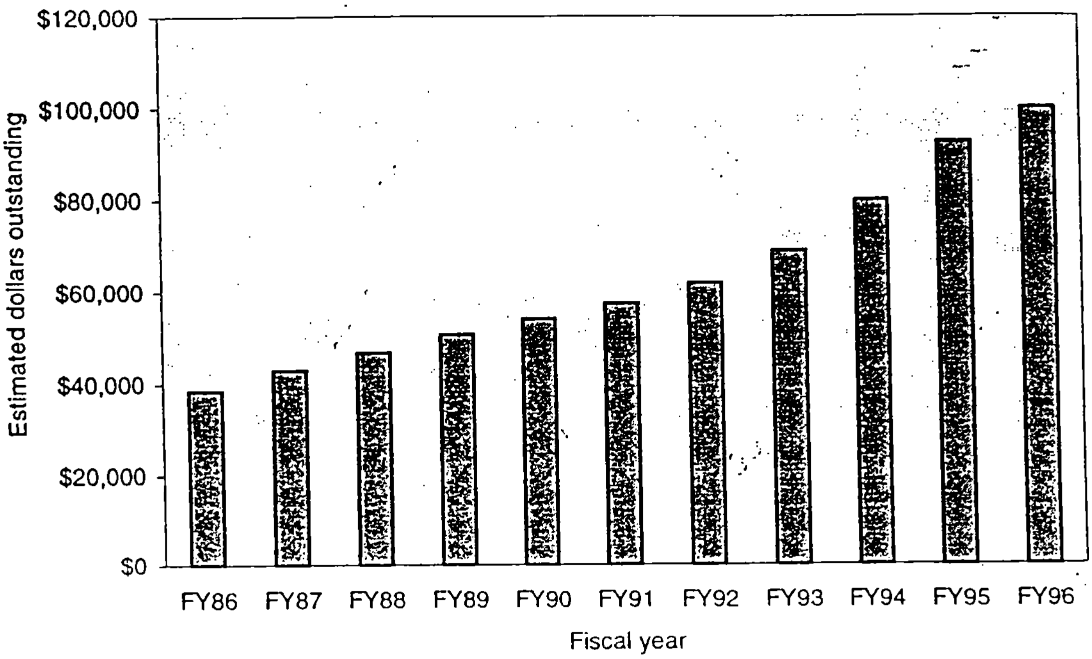
[1]The Stafford Unsubsidized program began in FY93.

[2]Consolidation loans started in FY87.

NOTES: Dollars in default are not included in the dollars outstanding. The "Dollars in School" category does not apply to PLUS, SLS, and Consolidation loans. This is because PLUS and SLS loans go into repayment on the date the loan is disbursed by the lender, and Consolidation occurs only after a borrower starts the repayment process. Details may not add to totals due to rounding. Calculations are based on numbers prior to rounding. Data for earlier years appear in table A-37 in appendix I.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 799.

Federal Family Education Loan (FFEL) program estimated dollars outstanding: FY86–FY96



NOTE: Dollars in default are not included in the dollars outstanding.
SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 799.

Tables 40–41: Federal Family Education Loan (FFEL) program designated guarantor, organizational type, and agency name, by state: Status as of September 30, 1995 and September 30, 1996

These tables list the designated guarantors for the 50 states, 3 territories, and District of Columbia for FY95 and FY96. The guarantors listed are identified as either an agency within the state; the United Student Aid Funds, Inc. (USAF), a private non-profit guaranty agency; or a state agency located outside the state. These agencies are further classified in the table as either private non-profit or state agencies.

- In many states, FFEL program activity is guaranteed by a state agency within that state. However, for some states, the designated guarantor is either a private non-profit agency or a state agency in another state. Designated guarantors can change from year to year.
- In FY95 and FY96, USAF was the designated guarantor for Alaska, Arizona, Hawaii, Indiana, Kansas, Maryland, Mississippi, Nevada, Pacific Islands, and Wyoming.
- In FY95, Ohio had a state agency within the state as its designated guarantor. In FY96, the FFEL program activity for Ohio was transferred to the Great Lakes Higher Education Corporation, a non-profit organization in Wisconsin.
- In FY95, Delaware had as its guarantor a state agency within the state. In FY96, all FFEL program activity for Delaware was transferred to the Pennsylvania Higher Education Assistance Authority (PHEAA), a state agency.
- In FY95, Virginia had as its guarantor a state agency within the state. In FY96, the Educational Credit Management Corporation (ECMC), a non-profit agency, became the designated guarantor for Virginia.

Table 42: Federal Family Education Loan (FFEL) program cumulative cash reserves and reserve ratio, by guaranty agency: As of September 30, 1994 and as of September 30, 1995

This table shows the cumulative cash reserves and the corresponding reserve ratio for 45 guaranty agencies for FY94 and FY95. The formulas used to calculate these numbers are also provided.

- Between September 30, 1994 and September 30, 1995, the FFEL program cumulative total cash reserves increased 23.5 percent, rising from $1.5 to $1.9 billion. The reserve ratio also increased (from 1.4 to 1.6) during the same period.

- The United Student Aid Funds, Inc. (USAF) reported the largest cumulative cash reserves for both FY94 and FY95 ($215.8 and $377.9 million, respectively). In contrast, the Virgin Islands reported the smallest cumulative cash reserve for FY94 ($297,870) and Idaho reported the smallest cumulative cash reserve for FY95 ($1.2 million).

- North Carolina reported the largest reserve ratio for both FY94 (3.3) and FY95 (3.4). Nebraska reported the smallest reserve ratio in FY94 (0.5) and Idaho reported the smallest reserve ratio in FY95 (0.6).

- Between FY94 and FY95, the reserve ratio increased at 18 guaranty agencies, decreased at 12 guaranty agencies, and remained the same at 11 guaranty agencies. Indiana, Maryland, and the Virgin Islands did not report any cash reserves in FY95.

NOTES: Cumulative cash reserves are calculated by subtracting an agency's cumulative use of funds to pay for claims, operating expenses, and lender fees, among others, from that agency's cumulative sources of funds from insurance premiums, state appropriations, and federal advances, among others. Complete lists of both sources and use of funds are listed in table 42 under the "Formulas" column.

Table 42.—Federal Family Education Loan (FFEL) program cumulative cash reserves and reserve ratio, by guaranty agency: As of September 30, 1994 and as of September 30, 1995

Guaranty agency	Cumulative cash reserves		Reserve ratio		
	As of September 30, 1994	As of September 30, 1995	As of September 30, 1994	As of September 30, 1995	Formulas
Alabama	$11,468,621	$13,325,598	1.8	2.2	Cumulative cash reserves =
Arkansas	7,560,282	7,990,734	1.3	1.3	
California	192,712,428	236,952,957	2.1	2.3	Agency's cumulative sources of funds from:
Colorado	34,831,363	36,651,542	1.9	1.9	1. Insurance premiums
Connecticut	9,678,599	18,742,737	0.6	1.2	2. State appropriations
					3. Federal advances
Delaware	4,088,381	4,101,553	2.5	2.5	4. Federal reinsurance payments
Florida	64,837,100	65,627,372	3.0	2.6	5. Administrative cost allowances
Georgia	8,923,287	12,750,548	0.8	1.0	6. Collections on claims paid
Idaho	4,997,760	1,178,568	2.0	0.6	7. Investment earnings
Illinois	47,715,390	46,540,827	1.0	1.0	8. Other non-federal sources
Indiana	18,908,733	—	1.1	—	*Minus*
Iowa	42,479,497	46,158,413	2.4	2.5	
Kentucky	23,205,536	25,029,966	2.6	2.0	Agency's cumulative uses of funds to pay:
Louisiana	8,285,171	9,343,936	1.2	1.1	1. Claims to lenders
Maine	8,637,002	9,651,763	1.6	1.6	2. Operating expenses
					3. Lender fees
Maryland	25,689,306	—	2.3	—	4. Department of Education's share of collections
Massachusetts	38,160,536	43,057,114	0.7	0.8	on claims paid
Michigan	47,712,346	52,537,618	1.9	2.0	5. Federal advances
Minnesota	24,176,916	31,810,723	1.4	1.5	6. Reinsurance fees
Missouri	42,888,163	38,848,167	2.9	2.5	7. Other uses
Montana	8,509,063	9,500,113	1.9	1.9	Reserve ratio =
Nebraska	9,957,589	13,223,832	0.5	1.5	
New Hampshire	7,340,558	4,806,586	1.4	0.8	Cash reserves
New Jersey	41,992,586	40,241,642	1.5	1.5	
New Mexico	6,388,602	5,678,374	1.6	1.3	*Divided by*
New York	96,992,836	115,239,149	1.0	1.1	Original principal of outstanding loans
North Carolina	28,238,514	31,806,586	3.3	3.4	
North Dakota	8,720,177	8,433,227	2.3	2.0	Original principal of outstanding loans =
Ohio	41,209,644	47,925,432	1.2	1.5	
Oklahoma	11,223,115	14,003,113	1.1	1.1	Original principal of loans guaranteed
					(-) Original principal of loans cancelled
Oregon	14,604,403	15,800,310	1.7	1.8	(-) Original principal of claims paid
Pennsylvania	133,633,675	166,305,268	1.4	1.5	(-) Original principal of loans paid in full
Rhode Island	5,460,570	4,881,100	1.1	0.8	(+) Original principal of loans guarantees
South Carolina	6,659,095	9,568,544	0.9	1.1	transferred from other agencies
South Dakota	14,175,116	15,736,057	3.1	2.9	(-) Original principal of loans guarantees
					transferred to other agencies
Tennessee	34,614,481	37,179,870	2.6	2.5	(-) Secretary's plan of original principal of
Texas	38,992,621	103,160,896	0.9	1.4	loan guarantees transferred from other agencies
Transitional GA*	—	8,164,521	—	—	
USAF	215,785,087	377,901,677	1.2	1.5	
Utah	17,030,354	20,225,634	2.1	2.1	
Vermont	4,483,845	5,009,573	1.1	1.1	
Virgin Islands	297,870	—	2.6	—	
Virginia	23,563,495	21,725,228	1.3	1.1	
Washington	23,283,611	27,296,583	1.5	1.5	
Wisconsin	50,938,121	62,438,430	1.0	1.1	
Total	1,511,051,445	1,866,551,881	1.4	1.6	

— Not applicable.

* Transitional guaranty agency.

NOTES: Details may not add to totals due to rounding. Calculations are based on numbers before rounding.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

Table 44: Federal Family Education Loan (FFEL) program status of federal advances: As of September 30, 1996

This table shows the status of federal advances to 56 public and private guaranty agencies, including the United Student Aid Funds (USAF) and the Higher Education Assistance Foundation (HEAF)[1], through the FFEL program. The table also summarizes the amount of repayment and dollars outstanding for each agency.

- At the end of FY96, a total of over $205.4 million in federal cash advances were disbursed to the 56 guaranty agencies listed. (This number includes funds disbursed to USAF and HEAF.) By September 30, 1996, approximately 80.9 percent, or $166.1 million, of these funds were repaid.
- No significant repayments of federal advances occurred since FY94. In FY94, 80.4[2] percent of federal advances were recovered, compared to 80.9 percent in FY96.
- USAF holds $9.4 million in outstanding advances that account for 64.9 percent of the federal advances made to this agency ($14.5 million). Other state and private agencies hold $29.9 million in outstanding advances, or 16.6 percent of all federal advances made to other state and private agencies ($180.0 million). All HEAF outstanding balances were paid by agencies that took over activities from HEAF in FY91.

[1] HEAF folded in FY91. Sallie Mae assumed management of the HEAF portfolio and other agencies were designated to guarantee loans in the HEAF states

[2] *FY93 Loan Programs Data Book*

Table 44.—Federal Family Education Loan (FFEL) program status of federal advances: As of September 30, 1996

Guaranty agency	Disbursed to: State/private agency	Disbursed to: USAF[1]	Disbursed to: HEAF[2]	Disbursed to: Total	Repaid by: State/private agency	Repaid by: USAF[1]	Repaid by: HEAF[2]	Repaid by: Total	Outstanding: State/private agency	Outstanding: USAF[1]	Outstanding: HEAF[2]	Outstanding: Total
Alabama	$2,728,866	$0	$0	$2,728,866	$2,728,866	$0	$0	$2,728,866	$0	$0	$0	$0
Alaska	63,000	85,000	0	148,000	63,000	85,000	0	148,000	0	0	0	0
Arizona	0	9,393,447	0	9,393,447	0	303,800	0	303,800	0	9,089,647	0	9,089,647
Arkansas	464,758	0	0	464,758	464,758	0	0	464,758	0	0	0	0
California	55,721,471	0	0	55,721,471	55,721,471	0	0	55,721,471	0	0	0	0
Colorado	5,793,456	0	0	5,793,456	5,793,456	0	0	5,793,456	0	0	0	0
Connecticut	4,814,008	0	0	4,814,008	900,626	0	0	900,626	3,913,382	0	0	3,913,382
Delaware	416,624	0	0	416,624	112,209	0	0	112,209	304,415	0	0	304,415
District of Columbia	49,818	37,667	364,777	452,262	49,818	37,667	364,777	452,262	0	0	0	0
Florida	1,494,024	0	0	1,494,024	1,494,024	0	0	1,494,024	0	0	0	0
Georgia	2,148,227	0	0	2,148,227	1,687,934	0	0	1,687,934	460,293	0	0	460,293
Hawaii	92,365	1,013,802	0	1,106,167	16,851	1,013,802	0	1,030,653	75,514	0	0	75,514
Idaho	250,000	85,000	0	335,000	168,159	85,000	0	253,159	81,841	0	0	81,841
Illinois	5,025,786	0	0	5,025,786	4,408,288	0	0	4,408,288	617,498	0	0	617,498
Indiana	2,129,115	0	0	2,129,115	1,684,100	0	0	1,684,100	445,015	0	0	445,015
Iowa	1,310,382	0	0	1,310,382	1,310,382	0	0	1,310,382	0	0	0	0
Kansas	0	223,023	3,128,500	3,351,523	0	223,023	3,128,500	3,351,523	0	0	0	0
Kentucky	1,729,036	0	0	1,729,036	1,729,036	0	0	1,729,036	0	0	0	0
Louisiana	983,079	88,541	0	1,071,620	0	88,541	0	88,541	983,079	0	0	983,079
Maine	721,739	0	0	721,739	721,739	0	0	721,739	0	0	0	0
Maryland	1,034,207	0	0	1,034,207	1,034,207	0	0	1,034,207	0	0	0	0
Massachusetts	4,728,528	0	0	4,728,528	4,728,528	0	0	4,728,528	0	0	0	0
Michigan	4,079,899	0	0	4,079,899	4,079,899	0	0	4,079,899	0	0	0	0
Minnesota	0	339,215	6,482,493	6,821,708	0	339,215	6,482,493	6,821,708	0	0	0	0
Mississippi	2,311,961	0	0	2,311,961	2,311,961	0	0	2,311,961	0	0	0	0
Missouri	6,013,788	434,423	0	6,448,211	4,138,957	434,423	0	4,573,380	1,874,831	0	0	1,874,831
Montana	734,173	85,000	0	819,173	734,173	85,000	0	819,173	0	0	0	0
Nebraska	0	138,916	704,463	843,379	0	138,916	704,463	843,379	0	0	0	0
Nevada	200,270	85,000	0	285,270	200,270	85,000	0	285,270	0	0	0	0
New Hampshire	506,179	0	0	506,179	108,986	0	0	108,986	397,193	0	0	397,193
New Jersey	6,721,024	0	0	6,721,024	6,721,024	0	0	6,721,024	0	0	0	0
New Mexico	362,594	0	0	362,594	250,000	0	0	250,000	112,594	0	0	112,594
New York	11,831,180	0	0	11,831,180	1,530,833	0	0	1,530,833	10,300,347	0	0	10,300,347
North Carolina	1,015,850	0	0	1,015,850	1,015,850	0	0	1,015,850	0	0	0	0
North Dakota	1,851,803	85,000	0	1,936,803	1,851,803	85,000	0	1,936,803	0	0	0	0

Table 44.—Federal Family Education Loan (FFEL) program status of federal advances: As of September 30, 1996 (continued)

Guaranty agency	Disbursed to:				Repaid by:				Outstanding:			
	State/private agency	USAF[1]	HEAF[2]	Total	State/private agency	USAF[1]	HEAF[2]	Total	State/private agency	USAF[1]	HEAF[2]	Total
Ohio	$2,964,256	$0	$0	$2,964,256	$2,964,256	$0	$0	$2,964,256	$0	$0	$0	$0
Oklahoma	677,181	11,879	0	689,060	677,181	11,879	0	689,060	0	0	0	0
Oregon	1,062,721	0	0	1,062,721	1,062,721	0	0	1,062,721	0	0	0	0
Pacific Islands	0	1,000,000	0	1,000,000	0	667,828	0	667,828	0	332,172	0	332,172
Pennsylvania	15,695,782	0	0	15,695,782	15,695,782	0	0	15,695,782	0	0	0	0
Puerto Rico	980,758	293,077	0	1,273,835	727,051	293,077	0	1,020,128	253,707	0	0	253,707
Rhode Island	1,157,135	0	0	1,157,135	1,157,135	0	0	1,157,135	0	0	0	0
South Carolina	455,000	292,356	0	747,356	373,159	292,356	0	665,515	81,841	0	0	81,841
South Dakota	2,421,600	0	0	2,421,600	1,586,306	0	0	1,586,306	835,294	0	0	835,294
Tennessee	1,349,014	53,992	0	1,403,006	1,349,014	53,992	0	1,403,006	0	0	0	0
Texas	10,398,488	0	0	10,398,488	3,478,919	0	0	3,478,919	6,919,569	0	0	6,919,569
Utah	1,400,842	0	0	1,400,842	1,400,842	0	0	1,400,842	0	0	0	0
Vermont	573,544	0	0	573,544	24,387	0	0	24,387	549,157	0	0	549,157
Virgin Islands	250,000	37,500	0	287,500	0	37,500	0	37,500	250,000	0	0	250,000
Virginia	2,253,177	168,322	0	2,421,499	2,253,177	168,322	0	2,421,499	0	0	0	0
Washington	5,752,690	289,641	0	6,042,331	4,321,289	289,641	0	4,610,930	1,431,401	0	0	1,431,401
West Virginia	0	191,101	100,000	291,101	0	191,101	100,000	291,101	0	0	0	0
Wisconsin	5,327,513	0	0	5,327,513	5,327,513	0	0	5,327,513	0	0	0	0
Wyoming	0	85,000	100,000	185,000	0	85,000	100,000	185,000	0	0	0	0
Total	180,046,911	14,516,902	10,880,233	205,444,046	150,159,940	5,095,083	10,880,233	166,135,256	29,886,971	9,421,819	0	39,308,790

[1]USAF and HEAF are listed separately even though they are considered to be private guaranty agencies. USAF and HEAF are unique since they both received advances on behalf of several states. By listing them separately we are able to show the amounts of disbursements they each received on behalf of different states.

[2]HEAF folded in FY93. Activity reported in this table reflects cash advances made to HEAF and repaid by the private agency(s) that took over its activity in FY93.

NOTES: Includes authorizations for FY65, FY66, FY68, and FY76. Details may not add to totals due to rounding.

SOURCE: U.S. Department of Education, Office of Postsecondary Education, Guarantor and Lender Oversight Service (GLOS) Records.

Table 45: Federal Family Education Loan (FFEL) program annual and cumulative default dollars and collections: FY86–FY96

This table shows the total number of default dollars and collections for each FFEL program. In addition, the percent change from prior year, percent share of FFEL program total, and cumulative totals for default and collection activity are also provided for total FFEL program and each of the FFEL programs for FY86–FY96.

- Between FY86 and FY96, the number of collections increased each year. As a result of this increase and the corresponding decreases in defaults following FY91, the gap between defaults and collections narrowed considerably. For example, for every dollar that defaulted in FY86, $0.31 was collected; for every dollar that was defaulted in FY96, $1.04 was collected.

- The number of default dollars paid to lenders participating in the FFEL program more than doubled between FY86 and FY91, reaching a peak of $3.2 billion in FY91. Following FY91, default dollars paid to lenders gradually decreased, and by FY95, defaults dropped by nearly one billion dollars. In FY96, default dollars paid to lenders increased by 16.0 percent from the prior year.

- In FY86–FY96, the number of Federal Insured Student Loan Program (FISLP) default dollars paid to lenders and the annual collections decreased each year (from $80 to $1 million and $129 to $7 million, respectively). All data reported on FISLP loans in this period represent defaults and collections on loans granted between FY66 and FY84. The FISLP program ended in FY84.

- The Stafford Subsidized loan program followed a pattern similar to the one described for the FFEL program as a whole. Between FY86 and FY91, the default dollars paid to lenders increased each year, decreased each year between FY92 and FY95, and increased by 9.0 percent in FY96.

- The default dollars paid to lenders of Stafford Unsubsidized loans increased each year between FY94 and FY96, with the greatest increase occurring in FY95. Collections also increased, but at a slower rate. In FY96, collections were $4 million and defaults were $95 million.

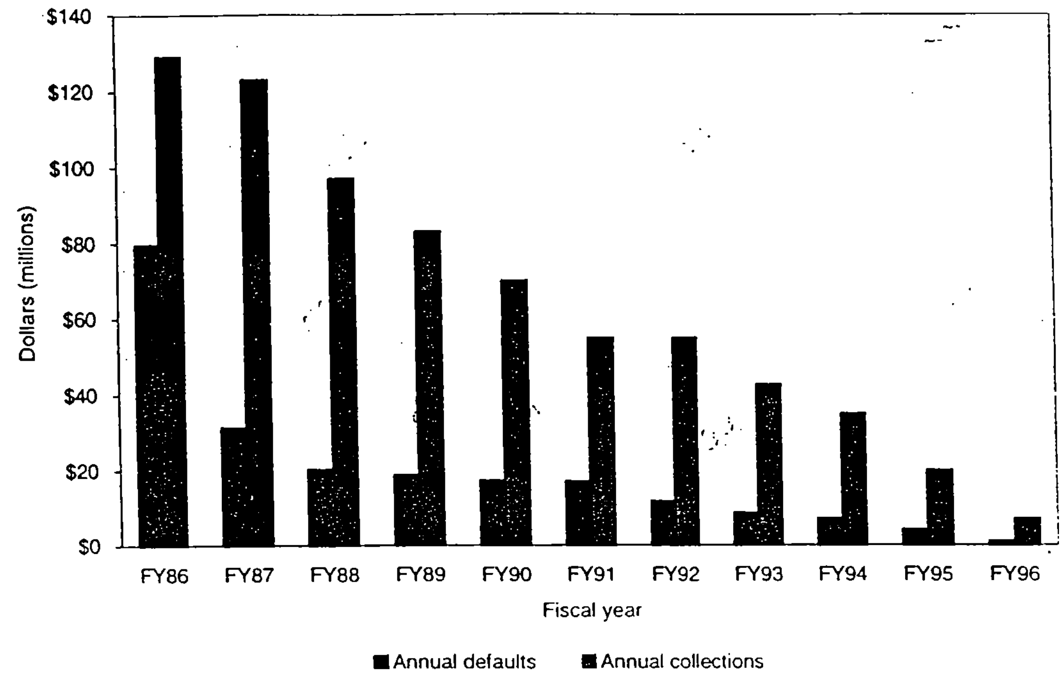
- The numbers of default dollars paid to lenders and annual collections for Parent Loan for Undergraduate Students (PLUS) loans increased between FY86 and FY96, but collections increased at a faster rate. For example, in FY95–FY96, default dollars paid to lenders increased by 2.6 and 15.4 percent, respectively, while collections increased by 46.0 and 43.5 percent, respectively. As a result, the gap between defaults and collections for PLUS loans narrowed during these years.

- Between FY86 and FY90, the default dollars paid to lenders of Supplemental Loan for Students (SLS) loans increased each year, peaked at $636 million in FY90, dropped dramatically (30.1 and 12.9 percent) in FY92–FY93, and remained relatively stable in FY94–FY96. Collections, on the other hand, fluctuated during these ten years, but increased overall, from $1 million in FY86 to $195 million in FY96. Data reported on SLS loans in FY95 and FY96 represent loans granted between FY81 and FY94. The SLS program ended in FY94.

- The default dollars paid to lenders and annual collections for Consolidation loans increased between FY88 and FY96, but at different rates. During this period, default payments increased from $1 million to $343 million, while collections increased from below $500,000 to $39 million. In FY96, Consolidation loans accounted for 12.9 percent share of the total number of FFEL program default dollars paid and 1.4 percent of the total number of collections.

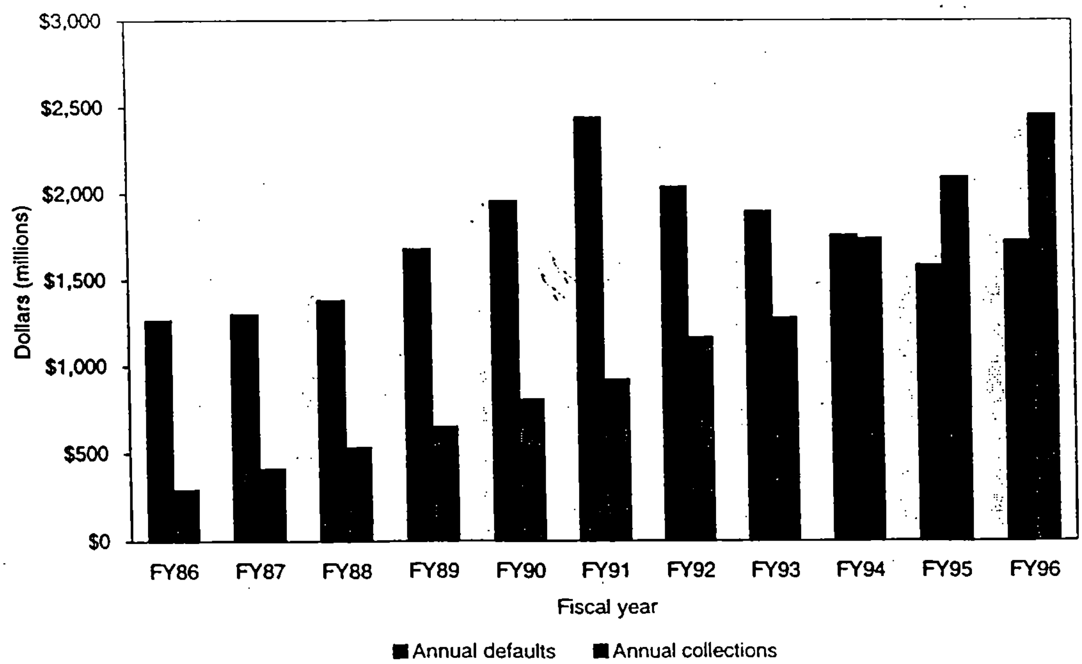
Federal Family Education Loan (FFEL) program annual default and collections: FY86–FY96

Federal Insured Student Loan Program (FISLP)



SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

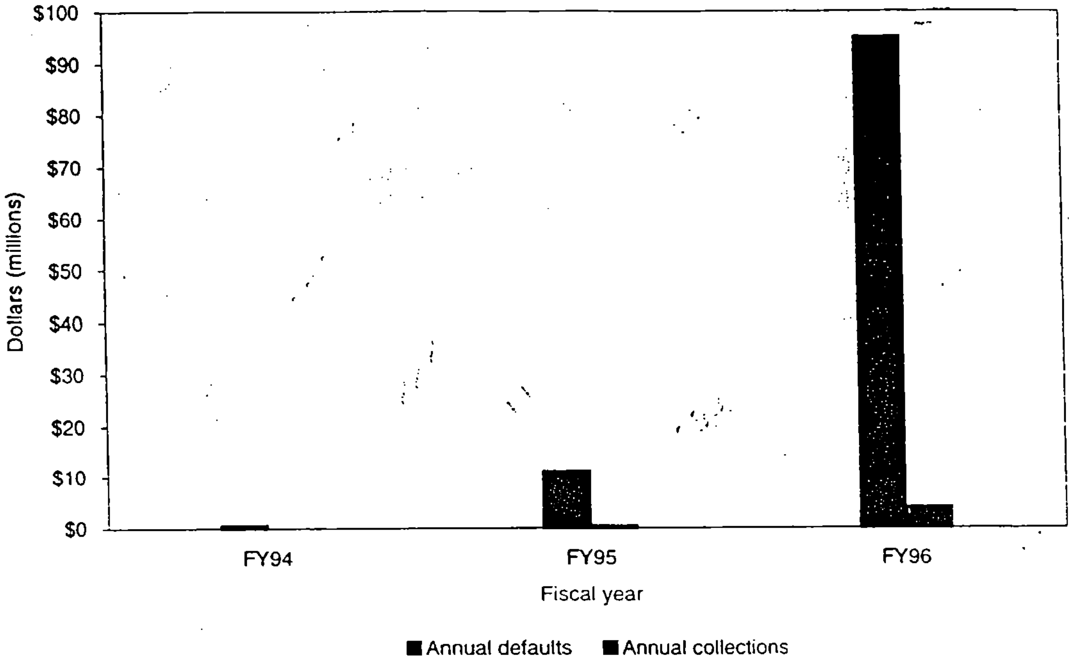
Stafford Subsidized



NOTES: Collections data include mandatory assignments and IRS offsets.
SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

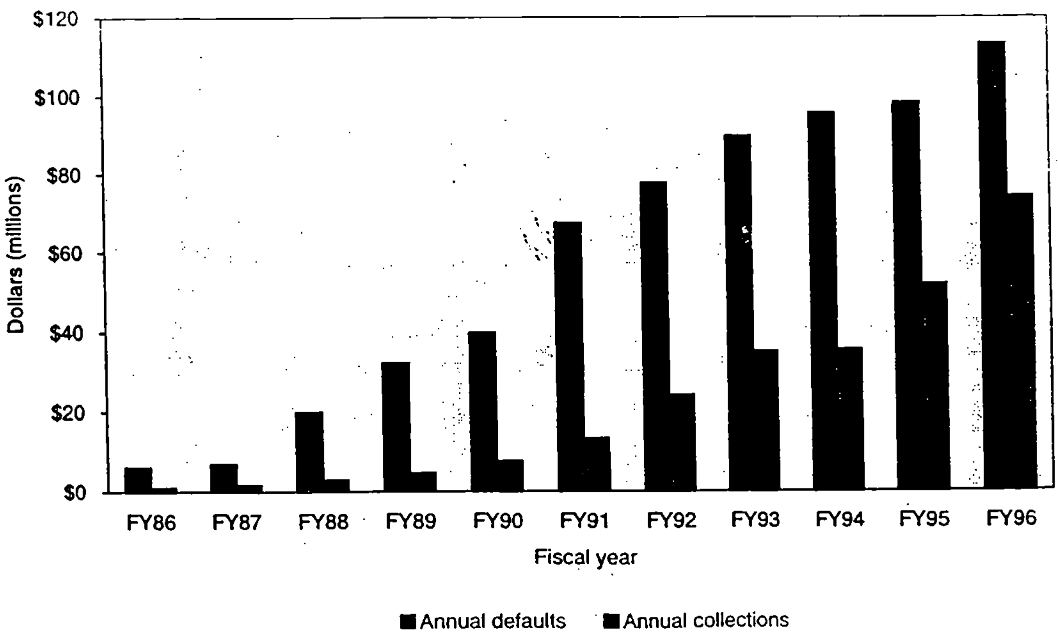
Federal Family Education Loan (FFEL) program annual default and collections: FY86–FY96

Stafford Unsubsidized



NOTE: The Stafford Unsubsidized program began in FY93.
SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

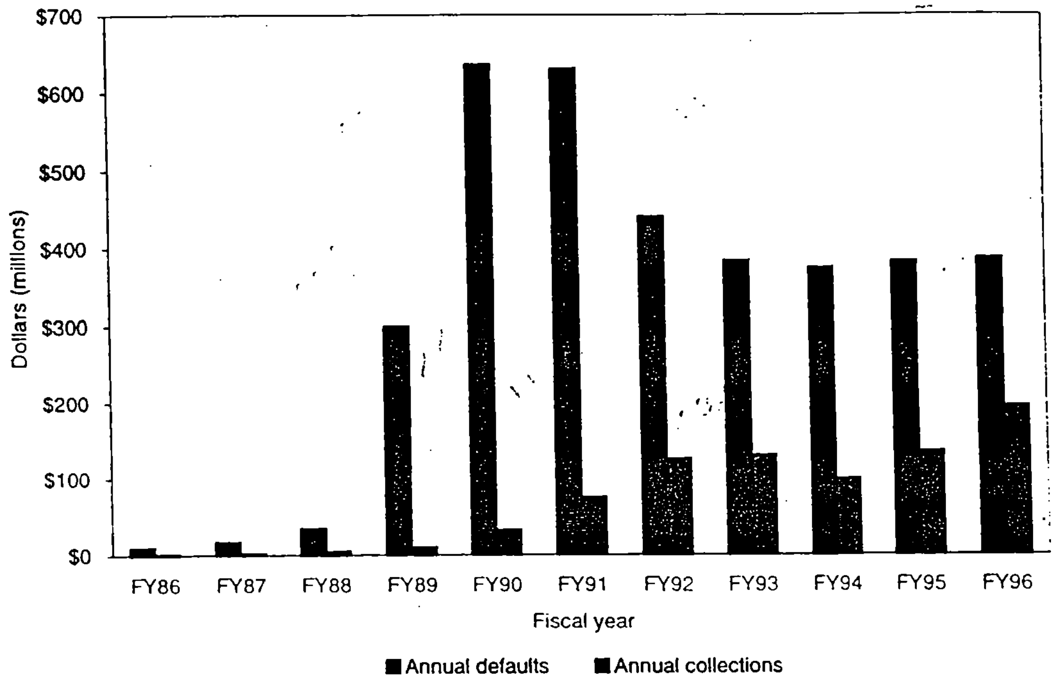
Parent Loans for Undergraduate Students (PLUS)



SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

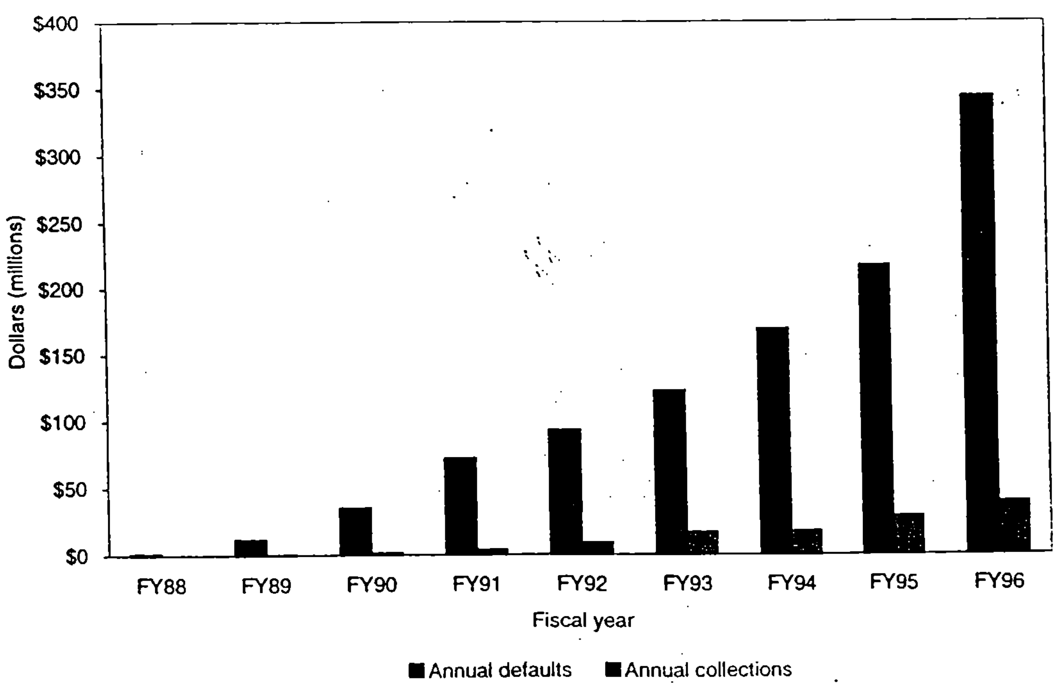
Federal Family Education Loan (FFEL) program annual default and collections: FY86–FY96

Supplemental Loan for Students (SLS)



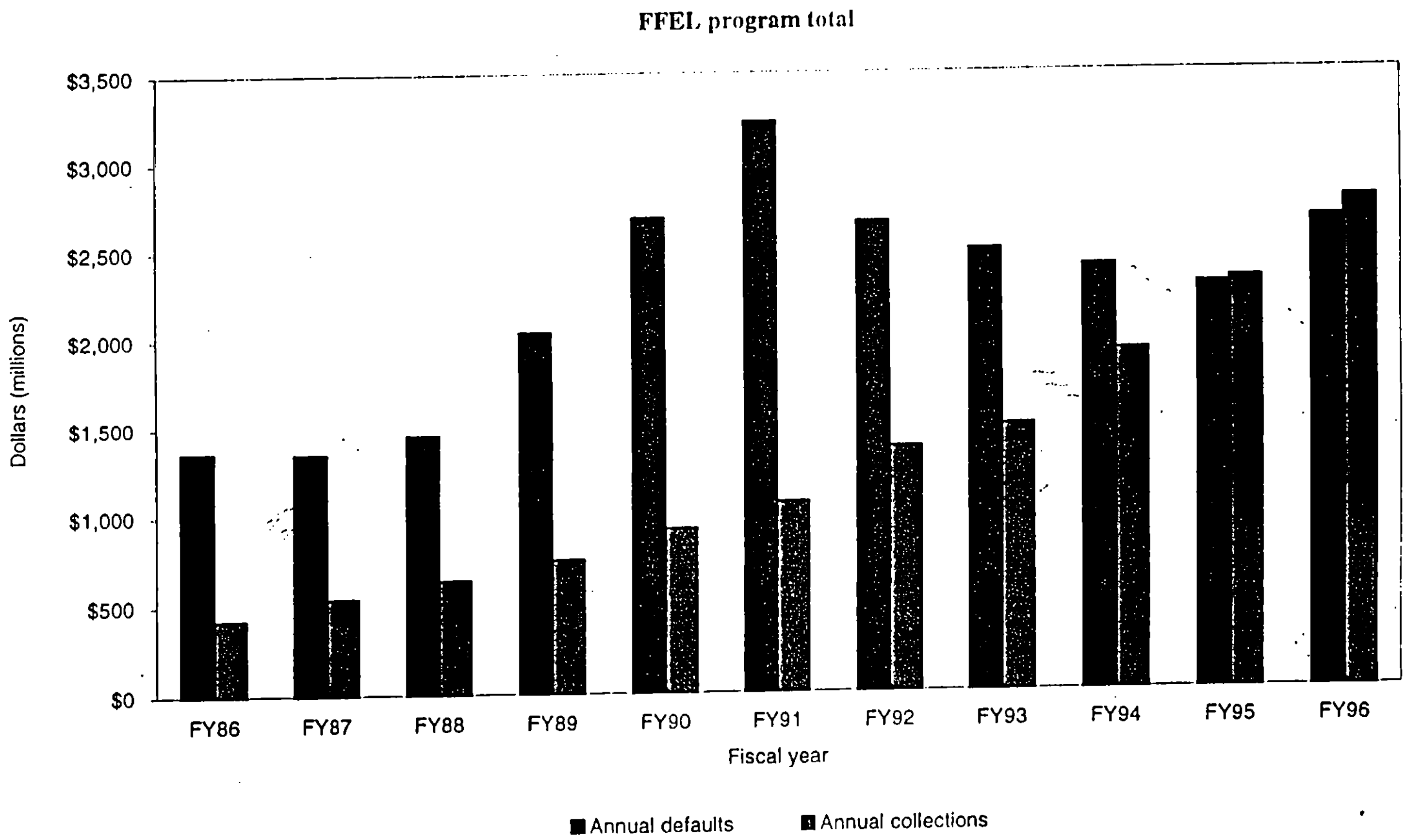
SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

Consolidation



NOTE: Consolidation loans started in FY87.
SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.

Federal Family Education Loan (FFEL) program annual default and collections: FY86–FY96



NOTES: Collections data include mandatory assignments and IRS offsets.
SOURCE: U.S. Department of Education, Office of Postsecondary Education, ED Form 1130.