

FOIA MARKER

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Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: National Economic Council

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Subseries:

OA/ID Number: 21469

FolderID:

Folder Title:
[Student Loans]

Stack:
S

Row:
18

Section:
2

Shelf:
10

Position:
1

STUDENT LOANS - NOTES

CLINTON LIBRARY PHOTOCOPY

- LOAN PROGRAMS HAVE COME A LONG WAY SINCE '94

DEFAULTS

CUSTOMER SERVICE / TECHNOLOGY

STRENGTH OF FINANCIAL MANAGEMENT +

CHEAPER FOR STUDENTS & TAXPAYERS

- BUT WE ARE STILL IN A TIME OF TRANSITION

POLITICAL INSTABILITY

IT'S A BIG BUSINESS - IT'S ABOUT BANKS AS MUCH AS STUDENTS

- DL IS GOOD GOVT

MUCH MUCH CHEAPER - ACTUALLY NOT PROFIT

PROPER INCENTIVES, SIMPLER

BUT NOT SUSTAINABLE ADVANTAGES IN MARKETPLACE

- SERVICE

- DISCOUNTS

WHY WOULD WE CHOOSE THESE TERMS TO COMPETE ON?

- FED GOVT IS SUBSIDIZING ITS COMPETITION

WAVE OF OVERPAYING LENDERS, WHO USE EXTRA PROFITS

TO TAKE ~~MONEY~~ ^{BIZ} FROM DL. DISCOUNTS WILL LARGELY

DISAPPEAR WHEN THEY DO. VERY DIFFICULT FOR DL TO MATCH ^{THEY GO}

→ INEVITABLE DIMINISHING W/O POLICY CHANGE TO ^{WHILE MUCH LESS EXPANDED} DL PROGRAM OF LAST RESORT FOR UNPROFITABLE LOANS

- TAX EXEMPTS ARE PARTICULARLY EGREGIOUS WASTE OF \$

- BANKS ALREADY SUBSIDIZED HANDSOMELY

- TAX-EXEMPTS HAVE TWO ADDITIONAL SUBSIDIES

- CREATE DILEMMA FOR DL PROGRAM -

CAN'T MATCH FED DISCOUNTS B/C SO UNLEVER

- UT

1 Loan Program

- THE ANSWER: MARKET MECHS. - STUDY NEXT YR.
FOR ORIGINATING LOANS - EASY PROCESS, LOWER FEE COST OF FUNDS
AUCTION GROUP OF LOANS WHEN BORROWERS LEAVE
- SECOND-BEST - HOW ABOUT LETTING DL PROGRAM
USE NET \$ IT EARN'S GOV'T TO IMPROVE DL?
 - STUDENT LOANS SHOULD BE NO BETTER THAN
COST NEUTRAL ANYWAY
 - TRUE COMPETITION BETWEEN THE PROGRAMS
 - MAKES NO SENSE FOR DL TO BE MORE EXPENSIVE
FOR STUDENTS & LESS FOR TAXPAYERS
 - WE SHOULD BE ENCOURAGING ~~THE~~ STUDENTS TO BORROW
UNDER GOOD - GOV'T PROGRAM, NOT SPECIAL INTERESTS
- THIRD BEST
RELAX EXTRA SUBSIDIES
 - NO LONGER ALLOW ~~THE~~ STUDENT LOANS AS A
PERMISSABLE USE OF PRIVATE ACTIVITY TAX EXEMPTS
 - END TAX EXEMPT LOOPHOLES
 - TRIM COMMERCIAL SUBSIDIESUSE PROCESS TO END LOAN FEES &/OR INCREASE GOV'T

80
231 9m3

AUG 8th - DEAD A WK?

DO ON SERVING

NOTIFY ON LO.

2D WK OCTOBER MASTAA

10/2 CDR

WILLIAM
OGC

RWR DECISION BASED ON THESE FACTS

BUDGET MEMO

- DEFAULT REDUCTION - ENCOURAGE ON-TIME
- EDA SAVINGS

- ARE PRACTICES?

WILLIAM
~~OGC~~
DIANE
KAM

FEEL DISCONT & WHO

- IR, REBATES
- ORIG FEES

KAM

LETTERS FROM DL SCHOOLS

WILLIAM FOR INDIVIDUAL BUDGET

WHAT SAVINGS COULD MEAN

- PROCEDURAL FEES
- ILLEGAL
- NUMBERS - SURPLUS
- UNDEVELOPED PLAYING FIELD

SCOTT

Hill Roll-out

- FRIENDS KENNEDY HARTMAN CLAY KIDDER
- EMERGES MCKEN GOODING JEFFERSON
- APPROPS? USE SPECIAL PORTER - TIMING

SUSAN

GROUPS

OUTREACH

- WORK PASSES
- EXIT MATERIALS
- ANNOUNCE TO EACH STUDENT

JUNE:

~~40K~~ 40K EXTRA APPS

LOCATION? - AU
- NOVA
- GMU

205 0766 km

DIRECT LOANS

① MAINTENANCE BEYOND THIS YR?

② MORE CEMENTS UP-FRONT?

③ ~~GEA ON~~ FROM ID:

GEA ON WHY NOT FEE REDUCTION

~~GEA ON WHY CALCULATION = DEPARTMENT INCENTIVE~~

GROSS \$S - BENEFITS TO STUDENTS

SAVINGS FROM '98

LIST OF SCHOOLS & VOLUME COMING & GOING

CONS. ~~FOR~~ VOLUME IN JULY.

~~COST MODEL~~

NPV

-\$74M COST

[\$61M \$135M FUEL

④ ~~STRUCTURE, DEFINITION OF ON-TIME, HOW DEBT IS REPAYED~~

⑤ OUTREACH ON SCHOOLS JOINING DL

PROCESS

INFO TO FUEL SCHOOLS

⑥ JUST-IN-TIME.

180

~~YOUNG STATE~~

PRETTY SATISFIED

PRESSURE - DISCOUNTING. LOAN FEES

RUTGERS

JUST-IN-TIME

- + REIMBURSEMENT - A MONTH TURNAROUND
- + RFMS - REPORT DISBURSEMENT BEFORE SHUT-DOWN
- + REG. FEE - CASH FLOW
- + NEG REG - NPRM

SCHOOLS IN FL

- GET THEM TO LOOK @ DL
- DL IS JUST ANOTHER PROGRAM - NEED TO SEE AS YOUNG PROGRAM
WOODS MINIMIZES PROGRAM

• JON SCHNUR

- PRIVATE ~~CAPITAL~~ LOANS
THRU DL INFRASTRUCTURE

• ~~FEEDBACK~~
~~STATES~~
~~LOANS~~

- REDISTRIBUTE SUBSIDIES
- TAX EXEMPT

69431

Dave

Jennifer

Colenzo

Just memo to William

Murphy

LR MS - COST NEUTRAL w/ EDA

- INCREASE DL DEFULT ~~PER~~ COLLECTION FEES TO FTEL STD
\$95 m over 5

- CAPITALIZE DL FEE
\$12M over 5

① BENEFIT STUDY IS

② SAVE \$ TREASURY

③ STRENGTHEN GOOD PROGRAM

July 00 - ~~04~~ ^{JUNE} 04 \$475M
19% FEE REDUCTION

- PAY-FOR: IRS VERIFICATION PER.
COST: PER MANUAL INTERVENTION

IG: \$50M/YR

WILLIAM: \$100M/YR

SCALE 5 YRS - PAY FOR FEE

- CONSOLIDATIONS w/ REPAIRMENT