Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	From: Kathryn Stack, To: Robert Shireman, Re: Question for Frank Raines (1 page)	05/28/1998	b(6)

COLLECTION:
Clinton Presidential Records
Automated Records Management System [Email]
OPD ([SLMA, Sallie Mae])
OA/Box Number: 250000

FOLDER TITLE:
[04/10/1998 - 06/25/1999]

2017-1074-F
jn342

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1075-F

Bucket: OPD

Creation Date: 1998-04-10

Subject: call to Hawke re Sallie Mae

Creator: Pauline_Abernathy@ed.gov Pauline Abernathy Pauline_Abernathy@ed.gov Pauline Abernathy [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])

CREATION DATE/TIME:16-APR-1998 20:09:03.00

SUBJECT: Sallie Mae Rebuttal

TO: jonathan.gruber@MS01.do.treas.spring.com (jonathan.gruber@MS01.do.treas.spring.com [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: stack_k@a1.eop.gov (stack_k@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

TEXT:
FYI

Please find below our press release responding to the Sallie Mae press release and letter delivered to ED earlier today.

Please check your fax machine for a copy of the Sallie Mae letter and press release if you haven't already received it.

Kristi

FOR RELEASE Contact: Jane Glickman (202) 401-1307
April 16, 1998 Stephanie Babyak (202) 401-2311

Statement by David A. Longanecker
Assistant Secretary for Postsecondary Education

We are pleased that the Student Loan Marketing Association (Sallie Mae) has finally come around to supporting the Administration's proposed interest rate for students. However, we are disappointed that Sallie Mae wants to maintain the current rate for lenders --a policy which would require a new subsidy to lenders of more than $4 billion to maintain excessive profits. Sallie Mae was not even content with the House and Senate Committee proposals to provide a $2.7 billion subsidy to lenders, itself far too large. Any budget surplus should be used to save Social Security, not to subsidize banks.

Some lenders are threatening to abandon the Federal Family Education Loan (FFEL) program unless they receive a higher interest rate than provided by either the Administration or the House and Senate Committee proposals. While the Department does not expect there to be an access problem, it has taken steps to ensure students' continued access to government-guaranteed loans regardless of what interest rate formula is adopted this year.

Consistent with the law, the Department has asked Sallie Mae to commit a portion of its stated excess operational capacity to make last resort loans if needed. Guaranty agencies (GAs) are also required to act as lenders of last resort and the GAs have said they could provide enough last-resort loans to ensure uninterrupted access to FFEL loans nationwide under any likely scenario. However, the federal government would have to pay an administrative fee for loans issued by the GAs, while there would be no cost to the taxpayers for last resort loans made by Sallie Mae under its statutory obligation.

Sallie Mae must understand its clear obligation under the law. In 1993, Congress changed the law to require Sallie Mae, at the Secretary of Education's request, to make last-resort loans should there ever be a need to ensure continued access to government-guaranteed loans. The law also established a significant sanction --potentially costing Sallie Mae hundreds of millions of dollars a year --if Sallie Mae fails to fulfill this statutory obligation. The last time Sallie Mae challenged the 1993 law, the U.S. Court of Appeals rejected its claims that the law imposed improper burdens on the company. Congress imposed this responsibility in exchange for the many economic benefits that it conferred on Sallie Mae.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:17-APR-1998 18:51:25.00

SUBJECT:

TO: MELISSA (Pager) #GREEN (MELISSA (Pager) #GREEN [UNKNOWN])
READ:UNKNOWN

TEXT:
Weekly: Take out Sallie Mae if possible. -Bob

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])

CREATION DATE/TIME:17-APR-1998 09:08:25.00

SUBJECT: Advances to Sallie Mae

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:

In the Administration bill for the privatization of Sallie Mae we included a number of proposals to enhance our LOLR safety net. One was authority to make advances to Sallie Mae for LOLR loans. Sallie Mae vigorously opposed giving us this authority, and the proposal was not included in the final legislation. I think that Sallie Mae actually wrote a letter or memo in opposition. Someone should try to dig it out.

Sorry that I did not remember this until this morning.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:23-APR-1998 15:43:42.00

SUBJECT: SM Letter and Cover Sheet

TO: jonathan.gruber@treas.sprint.com (jonathan.gruber@treas.sprint.com [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: stack_k@a1.eop.gov (stack_k@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

CC: Daniel_Bernal@ed.gov (Daniel Bernal) (Daniel_Bernal@ed.gov (Daniel Bernal) [UNKNOWN])
READ:UNKNOWN

CC: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TEXT:
Jon,

The letter to Sallie Mae and the media cover sheet are attached.
Please feel free to distribute them as you see fit.

Kristi

______________________________ Reply Separator
____
Subject: Letter to SM
Author: Pauline Abernathy at WDCB01
Date: 4/23/98 11:53 AM

Can you forward this and your cover sheet to Oberg for
distribution to
the Hill after it has gone to the press and SM?

Thanks.

- lord Bob, Jon, and Kathy, attached are the final letter to SM sent today
and a cover sheet we used with selective press. We sent the letter to
Hill staff as well and faxed a copy of the letter this am to Treasury
OGC who has been working with Jean Veta on this issue. (Mike call
Hawke too but they did not hook up.)

==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D73]MAIL48779621C.126 to ASCII,
The following is a HEX DUMP:

================== END ATTACHMENT 1 ==================

Mr. Albert L. Lord
Vice Chairman and CEO
SLM Holding Corporation
11600 Sallie Mae Drive
Reston, VA 20193

Dear Mr. Lord:

This is in response to your letter to Secretary Riley, dated April 16, 1998. As you know, the interest rate for students under the Federal Family Education Loan (FFEL) program is scheduled by law to be reduced on July 1, 1998, thereby decreasing the per-student costs of borrowing for higher education by hundreds, or even thousands, of dollars. Both the Administration and Members of Congress have developed proposals to preserve savings for students while providing smaller decreases in rates of return to lenders. Nevertheless, some lenders are threatening to discontinue making student loans, depending on how this matter is resolved. It is in this context that we have initiated discussions with Sallie Mae (in addition to our discussions with the guaranty agencies) about the need for Sallie Mae to fulfill its statutory duty to serve as a lender of last resort in the unlikely event that a loan access problem occurs. Your letter, which represents Sallie Mae's position in this matter, raises several issues, each of which is discussed below.

First, we are pleased that the Student Loan Marketing Association (Sallie Mae) no longer opposes the substantial reduction in interest rates for students provided by current law, and that it agrees with our position that the ultimate solution lies in a market-based mechanism to determine lender yields. We were disappointed to learn, however, that Sallie Mae is advocating continuation of the current lender interest rate, which would provide lenders with more than $4 billion in new and unwarranted subsidies over five years, at the taxpayers' expense, when industry profits are at historically high levels. This is particularly surprising given studies by both the Congressional Budget Office and the Department of the Treasury indicating that current lender yields are well above the competitive rate of return required for FFEL program participation, and the fact that even the student loan industry generally supports an alternative provision that lowers lenders' yields somewhat. Indeed, the largest loan originator already has unilaterally cut its rates by 25 basis points, and Sallie Mae was part of the industry group that previously offered a reduction of 15 basis points.

Second, your letter makes reference to the fact that, shortly after Congress made a mandatory lender of last resort provision applicable to Sallie Mae in 1993, the Department agreed to provide insurance on up to $200 million in lender of last resort loans to be funded by Sallie Mae. Your letter confirms that Sallie Mae is still subject to that existing obligation to fund up to $200 million in lender of last resort loans, and the Department hereby similarly confirms that, as part

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of its contingency plan for loans of last resort, it will call on Sallie Mae to make loans under that commitment in the unlikely event that an access problem does occur.

We strongly object, however, to your mischaracterization of prior dealings between the Department and Sallie Mae on this issue. The $200 million figure is included in a certificate of comprehensive insurance that Sallie Mae requested so that it would not have to negotiate terms of individual certificates of comprehensive insurance with each of the guaranty agencies for lender of last resort loans. The dollar figure referenced in that agreement constituted an initial limit on the Department's obligation to insure these loans directly, not a limit on Sallie Mae's legal obligation to serve as a lender of last resort. As you also know, in requesting that certificate of insurance, Sallie Mae asked the Department to agree that the $200 million would satisfy Sallie Mae's statutory obligation to serve as a lender of last resort. In rejecting Sallie Mae's request, the Department made it clear to Sallie Mae that "[while we do not anticipate the demand for LLR loans under the certificate to exceed $200 million for the remainder of this fiscal year, we cannot agree to limit the Secretary's authority to request Sallie Mae to make additional LLR loans should that become necessary." (Letter from Leo Kornfeld, Deputy Assistant Secretary for Student Financial Assistance, to Timothy G. Greene, Executive Vice President and General Counsel of Sallie Mae, February 14, 1994.)

Third, we do not agree that the Department has made "unrealistic" proposals to Sallie Mae regarding its statutory obligation to serve as a lender of last resort. While we do not believe there will be a loan access problem, the Department must have a safety net ready in the unlikely event that it does occur. Our duty, in this circumstance, must be to ensure that students have continued access to government-guaranteed loans. It was out of the same concern that, in 1993, Congress changed Sallie Mae's then voluntary authority to act as a lender of last resort to a mandatory duty to do so at the Secretary's request and under terms set by the Secretary. At that time, to supplement the Department's existing enforcement tools, Congress further established a sanction, potentially in the amount of hundreds of millions of dollars, if Sallie Mae refused to perform this statutory obligation.

As a Government Sponsored Enterprise (GSE), Sallie Mae has enjoyed, and continues to enjoy, enormous financial benefits. Indeed, your company earned more than $500 million last year with a return on equity of about 50 percent, as compared to other financial institutions whose return on equity was in a historically high range of 15 to 20 percent last year. It is in part because of these statutorily conferred benefits that your company has been able to achieve these extraordinary financial returns. As the United States Court of Appeals held in your lawsuit unsuccessfully challenging the validity of other new obligations imposed upon Sallie Mae by Congress in 1993, it is also because of these statutorily conferred benefits that Congress imposed on Sallie Mae certain statutory obligations, including the obligation to serve as a lender of last resort.

We do not believe it unreasonable to request Sallie Mae to fulfill its statutory obligation by funding a portion of necessary lender of last resort loans, with the guaranty agencies providing

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the remainder. Nor do we accept Sallie Mae's arguments that fulfilling its statutory obligations is an unconstitutional taking, that Sallie Mae's compliance with its statutory obligations would constitute a breach of its duty to its shareholders, or that its compliance would jeopardize the financial safety and soundness of the company, particularly in light of its extraordinary financial returns.

Fourth, it is simply not true that providing advances to guaranty agencies would cost the taxpayers $2 billion or more. To the contrary, these advances do not constitute outlays since they will be returned to the government at the end of the program. Rather, the primary cost to the government incident to these advances would simply be the fees authorized by Congress to be paid to the guaranty agencies serving as lenders of last resort in lieu of interest subsidies. What your letter fails to mention is that it will cost the taxpayers more to provide lender of last resort loans through the guaranty agencies than if they were provided by Sallie Mae.

Fifth, in conversations with Sallie Mae representatives (and as implied in your letter), Sallie Mae has taken the position that it will not provide additional lender of last resort loans unless the taxpayers provide the funds for these loans. The statute contains no such requirement.

As you know, the Department's primary responsibility is to assure that students have continued timely access to government-guaranteed student loans. Accordingly, since some advance arrangements must be made to establish a safety net that would be adequate, we have made an informal request for you to prepare to make up to 350,000 lender of last resort loans (including those that would be covered by the outstanding certificate of comprehensive insurance) in advance of formal certifications of school need. It has become apparent from the Department's communications with Sallie Mae, however, that Sallie Mae is presently refusing to prepare to fulfill its statutory obligations as requested by the Department, beyond the existing $200 million arrangement, unless it can dictate to the Department the terms of such participation. Because of the need for advance preparations, Sallie Mae's recalcitrant conduct could jeopardize the development of an effective and timely lender of last resort plan to have ready in the unlikely event of a loan access problem. The Department has therefore decided, at least for the present, to establish the necessary safety net by working with the guaranty agencies, which have acknowledged and willingly agreed to meet their statutory obligation. Please be advised, however, that, in addition to requiring Sallie Mae to fulfill its existing $200 million commitment--another critical component of the safety net--the Department reserves the right to require Sallie Mae to increase its lender of last resort lending should circumstances change, and to take whatever action against Sallie Mae is appropriate if it fails to comply with a formal request to make lender of last resort loans in excess of $200 million.

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We regret that although Sallie Mae is fully realizing the benefits resulting from its special status as a GSE, it is refusing to fulfill its concomitant statutory obligations, at the expense of the taxpayers.

Sincerely,

Marshall S.

Smith

Acting

Deputy Secretary

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:24-APR-1998 10:43:59.00

SUBJECT: Re: Interest Rates

TO: Don_Feuerstein (Don_Feuerstein @ ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

CC: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: maureen_mclaughlin (maureen_mclaughlin @ ed.gov (maureen mclaughlin) [UNKNOWN])
READ:UNKNOWN

CC: jonathan.gruber (jonathan.gruber @ ms01.do.treas.sprint.com [UNKNOWN])
READ:UNKNOWN

CC: Barry White (CN=Barry White/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: pauline_abernathy (pauline_abernathy @ ed.gov (pauline abernathy) [UNKNOWN])
READ:UNKNOWN

CC: david_longanecker (david_longanecker @ ed.gov (david longanecker) [UNKNOWN])
READ:UNKNOWN

CC: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TEXT:
While I do not think it necessary to give Mr. Nassirian any response other than the one you gave him, let me quote from his testimony in the House of Representatives on March 5, 1998 (in which -- I say with some disappointment -- he heaped praise on the committee leadership and did not say anything about the Administration's effort to hold student's harmless):

"Our main concern about an outright repeal of the July 1 rate formula in favor of the current formula and our opposition to the succession of subsequent unilateral lender proposals is that they are disproportionately and inappropriately expensive for borrowers. Unfortunately, the most recent variant of such subsequent proposals put forth by the student loan industry-the Commercial Paper formula endorsed by Sallie Mae, the Consumers Bankers Association, and Education Finance Council-also imposes excessive costs on borrowers while substantially holding lenders at today's baseline on yield."

***

"In the context of the zero-sum nature of the distribution of costs among lenders, borrowers, and the federal government, this concession of only 15 basis points would leave only two other options. Either borrowers or the federal budget would have to absorb several billion dollars of additional costs against the July 1 baseline. In the absence of any independent analysis of lenders' claims on the profitability of student loans, students demonstrated some willingness to accept slightly higher costs."

***

"the Administration's proposed 80 basis point cut in yield is almost certainly adequate to keep tax-exempt holders at sufficiently attractive levels of return, and to ensure their continued participation in FFELP. In the for-profit sector, however, the Administration's proposal may need to be adjusted in favor of slightly lower cuts in yield"

***

"I strongly suspect that all parties, including AASCU, will find that final decision to fall short of their ideal outcome."

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])

CREATION DATE/TIME:24-APR-1998 11:12:48.00

SUBJECT: Re[2]: Interest Rates

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Barry White (CN=Barry White/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Maureen_McLaughlin@ed.gov (Maureen McLaughlin) (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

CC: jonathan.gruber@ms01.do.treas.sprint.com (jonathan.gruber@ms01.do.treas.sprint.com [UNKNOWN])
READ:UNKNOWN

CC: David_Longanecker@ed.gov (David Longanecker) (David_Longanecker@ed.gov (David Longanecker) [UNKNOWN])
READ:UNKNOWN

CC: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TEXT:
I already reminded him of his testimony, the fact that students would not
even have had a chance at 80 bp if it were not for the Treasury report and
students/schools would have accepted much less before it..

______________________________ Reply Separator ______________________________

Subject: Re: Interest Rates
Author: Robert_M._Shireman@opd.eop.gov at Internet
Date: 04/24/98 10:43 AM

While I do not think it necessary to give Mr. Nassirian any response other than the one you gave him, let me quote from his testimony in the House of Representatives on March 5, 1998 (in which -- I say with some disappointment -- he heaped praise on the committee leadership and did not say anything about the Administration's effort to hold student's harmless):

"Our main concern about an outright repeal of the July 1 rate formula in favor of the current formula and our opposition to the succession of subsequent unilateral lender proposals is that they are disproportionately and inappropriately expensive for borrowers. Unfortunately, the most recent variant of such subsequent proposals put forth by the student loan industry-the Commercial Paper formula endorsed by Sallie Mae, the Consumers Bankers Association, and Education Finance Council-also imposes excessive costs on borrowers while substantially holding lenders at today's baseline on yield."

***

"In the context of the zero-sum nature of the distribution of costs among lenders, borrowers, and the federal government, this concession of only 15 basis points would leave only two other options. Either borrowers or the federal budget would have to absorb several billion dollars of additional costs against the July 1 baseline. In the absence of any independent analysis of lenders' claims on the profitability of student loans, students demonstrated some willingness to accept slightly higher costs."

***

"the Administration's proposed 80 basis point cut in yield is almost certainly adequate to keep tax-exempt holders at sufficiently attractive levels of return, and to ensure their continued participation in FFELP. In the for-profit sector, however, the Administration's proposal may need to be adjusted in favor of slightly lower cuts in yield"

***

"I strongly suspect that all parties, including AASCU, will find that final decision to fall short of their ideal outcome."

****
This email message and attachments have been scanned and found to be free of all known viruses.
****

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:29-APR-1998 14:04:44.00

SUBJECT: Pauline on leave

TO: Sandra Yamin (CN=Sandra Yamin/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: schnur_j@a1.eop.gov (schnur_j@a1.eop.gov [UNKNOWN]) (OPD)
READ:UNKNOWN

TO: stack_k@a1.eop.gov (stack_k@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

TEXT:
As you may know, I will be on leave from 4/30-5/20 -- I regret the timing turns out to be so poor. I will be unable to check voice mail or email. Kristi will be here some of that time, but will also be out from 5/4-5/15 due to a prior commitment.

Several poeple have agreed to step in during my absense to staff Mike and/or coordinate Dept. actions on specific issues. Below also are the people you can turn to to answer any questions you might have directed at me.

HEA: Maureen will be calling the weekly HEA meetings, starting this week. Given what is going on this week we should probably meet late Weds. or Thursday. Maureen has also agreed to be the final word on clearing HEA issues and language for Mike, and ensuring Mike sees what ought to be raised to his attention on HEA, and that ED is speaking with one voice.

Interest Rate: Don and Maureen are coordinating the issue for the Dept. and will staff Mike on this issue (at Don's request, Maureen will be the wordsmith on interest rates). Don checks his email from home and has said he can be called at home if he is needed (301-365-0777).

Last Resort Loans: Don again. We have a written plan we can release at the apporpriate time to reassure people students will get their loans.

Sallie Mae: Don and Jean Veta in OGC. Relatively quiet right now.

GAs: Maureen working with Budget, Don and OGC.

Sec 458: Skelly will continue to watch over 458 and ward off any cuts. Kristi has copies of paper his staff have put together defending 458.

High Hopes Legislation: Oberg, Maureen, and Kristi will collectively continue working the legislation. Kristi is coordinating our response to an NEA recommended small change in our proposal and is calling a meeting to discuss it.

Possible High Hopes partnership with Ford Foundation: Jill and Kristi working with OPE and OGC.

21st Century Afterschool: Susan Wilhelm is coordinating overall on the expansion proposal. Tom Kelley the Hill. Bob Stonehill the current program. Adriana, the Mott partnership and research. Jill Riemer on WH events.

Pauline

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:30-APR-1998 15:14:34.00

SUBJECT: Re: Commercial Paper Amendment agreed to. -Reply

TO: William C. Menth (CN=William C. Menth/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

CC: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP @ EOP [OMB])
READ:UNKNOWN

TEXT:
Why are your numbers different (or are they?) from Susan's, below?

---------------------- Forwarded by Robert M. Shireman/OPD/EOP on 04/30/98
03:13 PM ---------------------------

"LEPPERS%DOM13.DOPO7" <SUSAN.LEPPER @ MS01.DO.treas.sprint.com>
04/30/98 01:06:43 PM
Record Type: Record

To: Robert M. Shireman/OPD/EOP
cc:
Subject: Re: Commercial Paper Amendment agreed to. -Reply

Date: 04/30/1998 01:03 pm (Thursday)
From: Susan Lepper
To: EX.MAIL("Robert_M._Shireman@opd.eop.gov")
Subject: Re: Commercial Paper Amendment agreed to. -Reply

A quick look at some work done at Treasury shows that the average spread between 3-month commercial paper and 3-month Trasuries (bond equivalent yield) was 35 basis points over the period 1990 through mid-March of this year (when they did the calculations). I think that would probably apply roughly for a longer time span as well. Hence, the formula indexed to CP should have the margin above the index adjusted downward by something like 35-40 basis points, I should think. (I have an old, Oct'97 CBO interest rate projection that has the CP-T-bill spread at
32 for '97, 36 for'98, 38 for '99 and 40 thereafter. I would bet their current projections would be like that.)

I am pretty sure the Administration does have a CP projection as part of the Economic Assumptions for the Budget but I have misplaced my tables right now (will try my colleagues later, if I have a chance).

It seems to me that we should get something "from the banks," in addition to the adjustment in the formula for the average CP-T-bill spread, for increased efficiency. I think Sallie Mae has suggested 10 or 15 basis points.

The problem on the other side is that CP is more volatile than T-bills; the standard deviation of the spread has been calculated as 20 basis points. This does have a budget cost, espeically in CBO probabilistic scoring. Because of this vilatility, Treasury might have a problem with going to a CP rate in place of a T-bill index. Note: the volatility means that, within a
year, there is a greater chance of paying on the SAP and, of course, no offset on the down side. From one year to the next, the volatility can hit the students too, ; some of the cost of up swings in CP relative to T-bills
at the time of the annual reset would be born by them.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Tanya E. Martin (CN=Tanya E. Martin/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 1-MAY-1998 13:59:40.00

SUBJECT: Phone Messages/Mail etc

TO: Michael Cohen (CN=Michael Cohen/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Mike,
Your mail is on your coffee table. I sorted it out and Jon and I went through it to make sure there wasn't anything that needed to be followed up on this week. We scanned the subject matter of your e-mail and pulled a few. Your voicemail messages are below -- many of them are still on your phone as old messages. (I talked to Allison about how she managed your mail/messages, so I hope this wasn't too intrusive). Tanya

4/27
5:58 PM
Jennifer Davis called. Hope you're doing ok. She faxed the Sallie Mae information and a resume of a PMI intern who might be suitable to work here as an assistant.

7:06 pm
Victoria Lynch called for Doris Matsui -- wnats a copy of Riley's statement on bilingual ed.
[I called and directed her to Public Affairs at Education]

12:39 am
Santiago Villas from the Counsel in Columbia. Will be in DC on Thursday. Do you have time to meet. 202-362-7613 {I called and let them know you were out of the office this week}

4/28
10:24 Kevin Gordon at CSBA. Call when you get a chance.

12:15 kate Donovan -- are you ok with the Riley/Reno letter. [I called her back and signed off on the letter].

12:53 Eileen Keen. 21st Century Teachers Project.. Would like to bring Alan Wheat in to meet with you. Also interested in whether POTUS could announce their $1 million dollar kick-off. Fred Duvall sugessted that she call you. [I called her back to let her know that you were out of the office. She agreed to fax over a description of what/how they were kicking off the teacher intranet. The idea is one that the President initially called for -- I thought it might be something we or OVP might be interested in]

11:01 Kevin Gordon CSBA. Will POTUS need a venue to discuss Unz in Cal. If so, CSBA is having a conference in Sacramento that week and would like to be a venue. Should he fax a letter to scheduling? 916-3317-4691 [I called him back and told him that the message events would not be education-related, but thanked him for his offer. I also told him that you would call when you retruned to the office with your niece's phone number.]

4/29
3:52 Jane Walters form Nashville TN. Needs some advice -- just betwwent he two of us. 615-741-8484. [I called her back. She wanted to alert you to some adverse publicity they are receving and Gore might regarding their selection on an internet provider via the e-rate process. The losing bidder is working the press. I have more detailed notes to go over with you.]

6:33 Luddy Hayden with Chevron. 202-408-5861. Called to express condolences. Spoke to Leslie Thornton re the Business Council meeting 5/7-5/9 in Williamsburg. would like to offer you the oppotunity NOT to participate. They have a good number of administration officials and in light of circumstnaces would invite you to do what you need to do for you and your family.

4/30
11: 15 Julia Mosely - 301-405-2334. Calling to set up your lunch with the dean of the MD School of Education, Bill Holley. He is free to do lunch after the 15th. Please call her with your availability when convenient.

11:35 Ruth Watenberg/AFT 393-6374, Called to say she has scheduled you to speak for the Program and Policy Commitee for 5/20 from 2;30-3:30 at the Omni Shoreham. Pls call to confirm. {She also called me so I tentatively booked that date for you and said we would get back to her next week}

4:32 Luddy Hayden. Chevron. We've had some shift in panels -- been more fortunate than we needed in the numbers who confirmed their participation. Now at the right balance - almost over-balnace on the administration side. We're ok now 00 while we appreciate your wanting to join us, we"re overbalanced if you do now. Hopefully this works for all of us. thanks.

5/1
10 am -- Alexander in Sen Bingaman's ofc. What do you think of a bipartisan briefing on what NAGB's done - for next week when NAGB is in town. Do you think it's too delicate an issue to have a bipartisan briefing on?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: RobinS@cbo.gov@INET@LNGTWY (RobinS@cbo.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:11-MAY-1998 18:05:05.00

SUBJECT: Re Tomorrow's Meeting

TO: Barry White@EOP (Barry White@EOP [OMB])
READ:UNKNOWN

TO: Kathryn B. Stack@eop (Kathryn B. Stack@eop [OMB])
READ:UNKNOWN

TO: Wayne Upshaw@eop (Wayne Upshaw@eop [OMB])
READ:UNKNOWN

TO: Robert M. Shireman@eop (Robert M. Shireman@eop [OPD])
READ:UNKNOWN

TEXT:
It seems likely that I will have to meet with CBO's Director on Tuesday morning to go over her edits to some remarks that will be delivered on Thursday, so I do not think I will be able to attend the meeting at OMB. Here are a couple of thoughts in respo
nse to the comments I have received on the "straw man" concept paper that Nabeel and I wrote on auctioning authority to originate FFELs:

1) Several people suggested that nothing would be lost by auctioning rights of first refusal and lender of last resort obligations together. Tom Stanton suggested that the government would have more leverage over a lender obligated to lend to all studen
ts at an institution if it could revoke the right to lend if the lender failed to perform. I suggest that, if any pilot experiments with the rights auction concept, that lenders be allowed to tender separate bids for 1) the obligation to lend to all borr
owers, 2) the right of first refusal, and 3) the obligation to lend to all borrowers turned down by a lender with the right to first refusal. This could reveal whether separating rights and obligations had any value.

2) One person suggested that the largest source of cost savings to the government from running auctions would come from entry into the business of financing student loans of firms that have lower capital requirements than banks. He also suggested that a
rights auction, by relying on the existing bank-dominated origination channels, would tend to limit entry by non-banks and, thus, the government's potential cost savings. I tend to think that the competitive pressure generated by a well-run auction proc
ess would increase sales in the secondary market to large banks and SLMA, and the use of securitization by those firms, which would lower capital costs. I'm not sure that other potential entrants would have lower capital costs than SLMA or a large bank a
s a securitizer.

3) Another comment was: how in a pilot would the government assure good communication between winning lenders, financial aid offices, and borrowers? good question!

Robin=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
================= END ATTACHMENT 1 =================

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Marianna_Pierce@labor.senate.gov@INET@LNGTWY (
Marianna_Pierce@labor.senate.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:14-MAY-1998 15:50:48.00

SUBJECT: floor action

TO: Robert M. Shireman@eop (Robert M. Shireman@eop [OPD])
READ:UNKNOWN

TO: Barbara Chow@eop (Barbara Chow@eop [OMB])
READ:UNKNOWN

TEXT:
The latest rumor on Floor time:

As you may know, ACE sent a letter to Daschle and Lott on May 13
asking that the Higher Ed bill come to the floor before Memorial Day
recess. The letter was sent on behalf of a wide array of groups,
including other ed groups, student groups, bankers, lenders, and
Sallie Mae. (There was also an ad in Roll Call and The Hill today by
a
simliar range of groups urging a quick vote on this bill.)

When the ACE letter was delivered by Bill Hansen (EFC), Trent Lott
apparently told Bill Hansen that the bill would come up on the floor
on Friday June 5, possibly rolling over till Monday June 8. He said
that conference would take two weeks and the Higher Ed Act would be
at
the president's desk by June 30.

Two weeks sounds mighty short to me, but we'll see. And of course
this
whole schedule could change. I'll keep you posted. =================== ATTACHMENT 1
===================

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
id <01IX122CIH28006N08@PMDF.EOP.GOV>; Thu, 14 May 1998 15:48:56 EDT
Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
with ESMTP id <01IX1227J8IO006GKL@PMDF.EOP.GOV>; Thu,
14 May 1998 15:48:51 -0400 (EDT)
Received: from MAILSENT.senate.gov ([199.95.76.9])
by STORM.EOP.GOV (PMDF V5.1-10 #22921)
with ESMTP id <01IX121Y9WJS00193P@STORM.EOP.GOV>; Thu,
14 May 1998 15:48:36 -0400 (EDT)
Received: from mailexch.senate.gov by MAILSENT.senate.gov; (8.8.2/SCO5)
id PAA01390; Thu, 14 May 1998 15:46:54 -0400 (EDT)
Received: from ccMail by mailexch.senate.gov

(IMA Internet Exchange 2.11 Enterprise) id 0061006A; Thu,
14 May 1998 15:47:23 -0400
Content-description: cc:Mail note part
================= END ATTACHMENT 1 =================

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robin Seiler <RobinS@cbo.gov> (Robin Seiler <RobinS@cbo.gov> [UNKNOWN])

CREATION DATE/TIME:18-MAY-1998 12:28:10.00

SUBJECT: Auctions Technical Working Gropup -Reply

TO: lucy.huffman@treas.sprint.com (lucy.huffman@treas.sprint.com [UNKNOWN])
READ:UNKNOWN

TO: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Barry White (CN=Barry White/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: William_Graham@ed.gov (William_Graham@ed.gov [UNKNOWN])
READ:UNKNOWN

TO: Don_Feuerstein@ed.gov (Don_Feuerstein@ed.gov [UNKNOWN])
READ:UNKNOWN

TO: Nabeel@cbo.gov (Nabeel@cbo.gov [UNKNOWN])
READ:UNKNOWN

TO: susan.lepper@treas.sprint.com (susan.lepper@treas.sprint.com [UNKNOWN])
READ:UNKNOWN

TO: jonathan.gruber@treas.sprint.com (jonathan.gruber@treas.sprint.com [UNKNOWN])
READ:UNKNOWN

TO: eglinj.hehs@gao.gov (eglinj.hehs@gao.gov [UNKNOWN])
READ:UNKNOWN

TO: John_Kane@ed.gov (John_Kane@ed.gov [UNKNOWN])
READ:UNKNOWN

TO: bmiles@crs.loc.gov (bmiles@crs.loc.gov [UNKNOWN])
READ:UNKNOWN

TO: tstan77346@aol.com (tstan77346@aol.com [UNKNOWN])
READ:UNKNOWN

CC: Maureen_McLaughlin@ed.gov (Maureen_McLaughlin@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: Pauline_Abernathy@ed.gov (Pauline_Abernathy@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: Larry_Oxendine@ed.gov (Larry_Oxendine@ed.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
The draft language on a loan auction pilot is quite useful. Nabeel and I have some questions and comments that could be discussed at our meeting later this week:

1) Is the balance of any loan to be sold equal to the amount disbursed to finance one year in school, or all years? The requirement that loans be sold servicing retained suggests that you mean selling only one year's disbursements. What are the advantages and disadvantages of doing so?

2) What are the advantages and disadvantages of selling loans servicing retained? How would ED determine which originators had "quality servicing operations"? Since Sallie Mae (and perhaps other secondary market investors) is superior in repayment servicing, would requiring that loans be sold servicing retained reduce auction proceeds? In effect, the draft assumes that the major hypothesis to be tested is whether auctions can lower funding costs, when it may be advantageous also to test the hypothesis of whether auctions can also lower servicing costs.

3) What are the advantages and disadvantages of selling loans in balanced versus unbalanced packages? Why the statutory requirement to do the former?

4) Should the draft language give ED the authority to conduct risk-sharing experiments? Is it likely to be feasible to conduct such experiments in the context of an auctions pilot and still get relatively unambiguous information about the feasibility and desirability of auctions? As a practical matter, how would experiments be conducted--e.g., would loan terms differ before or after origination?

5) The draft's vision of the future administration of the FFELP program--all loans made by a single originator and multiple owners of loans to a single borrower agreeing upon a single servicer (at any point in time) for those loans--seems independent of the auctions concept. If so, can ED use existing authority to get the industry to move toward that vision, regardless of whether a loan or rights auction is implemented? More broadly, are there really significant problems with the current system of originating and servicing FFELs that require that major revisions to that system be yoked to the auctions concept?

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. email	From: Kathryn Stack, To: Robert Shireman, Re: Question for Frank Raines (1 page)	05/28/1998	b(6)

COLLECTION:

Clinton Presidential Records
Automated Records Management System [Email]
OPD ([SLMA, Sallie Mae])
OA/Box Number: 250000

FOLDER TITLE:

[04/10/1998 - 06/25/1999]

2017-1074-F
jn342

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 3-JUN-1998 12:14:44.00

SUBJECT: Suzanne Peck from Sallie Mae

TO: Pauline_Abernathy@ed.gov@INET@LNGTWY (Pauline_Abernathy@ed.gov@INET@LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: Robert_Muller@ed.gov (Robert_Muller@ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

CC: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: G. E. DeSeve (CN=G. E. DeSeve/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Barry White (CN=Barry White/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
Jill Blickstein left me a message saying Raines thinks Suzanne Peck may not be the person he was thinking of. I've left this message with Bonnie Foster also.

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2015-0463-F

Bucket: OPD

Creation Date: 1998-06-15

Subject: Student loan consolidation MEMO

Creator: Robert M. Shireman CN=Robert M. Shireman/OU=OPD/O=EOP [OPD]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Barry White (CN=Barry White/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:16-JUN-1998 14:44:55.00

SUBJECT: Bill Hansen

TO: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Sandra Yamin (CN=Sandra Yamin/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
You will get a call shortly from Bill Hansen, Executive Director of the Education Finance Council, asking for a meeting to discuss auctions. The Council is the Washington association of the non-Sallie Mae secondary markets, organizations that are increasingly moving from non-profit to profit status, diversifying into other aspects of student aid, and another group of stakeholders in student loans.

More importantly, Bill, whom I've known for years -- originally from his role in the Bush Administration, which was akin to Mike Smith's -- tells me he has been working with Bill Hoagland for some months on the auctions issue.

While Bill is a faithful representative of his constituency's immediate interests, he also sees himself as a long term "good government" person, and would like to share some ideas and raise some issues that he sees on the auctions front. Having him at least positive on auctions can only help us.

I recommend that this meeting happen, soon. It would be useful to have Bob present as well.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Sandra Yamin (CN=Sandra Yamin/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:16-JUN-1998 19:06:15.00

SUBJECT: Re: Bill Hansen

TO: Barry White (CN=Barry White/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Sonyia Matthews (CN=Sonyia Matthews/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: kathryn b. stack (CN=kathryn b. stack/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

CC: Iratha H. Waters (CN=Iratha H. Waters/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: robert m. shireman (CN=robert m. shireman/OU=opd/O=eop@eop [OPD])
READ:UNKNOWN

CC: barbara chow (CN=barbara chow/OU=omb/O=eop@eop [OMB])
READ:UNKNOWN

TEXT:
This meeting has been scheduled for Fri., June 19 at 11:30AM in Rm 260.

Barry White
06/16/98 02:44:39 PM
Record Type: Record

To: Barbara Chow/OMB/EOP@EOP
cc: Sandra Yamin/OMB/EOP@EOP, Kathryn B. Stack/OMB/EOP@EOP, Robert M. Shireman/OPD/EOP@EOP
Subject: Bill Hansen

You will get a call shortly from Bill Hansen, Executive Director of the Education Finance Council, asking for a meeting to discuss auctions. The Council is the Washington association of the non-Sallie Mae secondary markets, organizations that are increasingly moving from non-profit to profit status, diversifying into other aspects of student aid, and another group of stakeholders in student loans.

More importantly, Bill, whom I've known for years -- originally from his role in the Bush Administration, which was akin to Mike Smith's -- tells me he has been working with Bill Hoagland for some months on the auctions issue.

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I recommend that this meeting happen, soon. It would be useful to have Bob present as well.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:17-JUN-1998 17:52:39.00

SUBJECT: Re: Re[2]: slight changes to pilot program

TO: Marianna_Pierce (Marianna_Pierce @ labor.senate.gov (Marianna Pierce) [UNKNOWN])
READ:UNKNOWN

TEXT:
Ask them what change in the language will result in their supporting the amendment. Then it's worth thinking about what they're getting at. . .

Marianna_Pierce @ labor.senate.gov (Marianna Pierce)
06/17/98 03:47:02 PM
Record Type: Record

To: Robert M. Shireman/OPD/EOP
cc: Barbara Chow/OMB/EOP
Subject: Re[2]: slight changes to pilot program

Sallie Mae's folks say that we should be studying market based mechanims, not just auctions. The findings talk about market based mechanisms but then it moves right into auctions. What do you think on this? Maybe just stick with auctions now, and perhaps broaden it in conference -- if it's still a live issue! Though we might get some more support with broader language....?

Our pals in the higher ed community sure weren't too helpful in the Ed Daily piece.

______________________________ Reply Separator
____

Subject: Re: slight changes to pilot program
Author: Robert_M._Shireman@oa.eop.gov at internet
Date: 6/17/98 11:58 AM

Message Creation Date was at 17-JUN-1998 11:58:00

1. Whatever date you think passes the laugh test. That's not hard to revisit
in conference, or we could finish the study early I suppose.

2. Conferring with more people is good. Put the list in.

3. 10-10 is probably the best direction to step.

4. Delete "the stated interest rate for lenders, other" so that we're left with "payments to lenders. . ." I'm trying to get a more substantial re-writing, but am not satisfied with anything yet.

Marianna_Pierce @ labor.senate.gov
06/17/98 08:43:00 AM
Record Type: Record

To: Barbara Chow, Robert M. Shireman
cc:
Subject: slight changes to pilot program

I'd like to make a few small changes to the pilot amendment, but want to run them by someone in the administration first. Can one of you call me ASAP.

Issues are: 1.length of study
2. conferring with a list of folks (lenders, GA's) as in the current bill
3. Size of pilot
4. Rewriting the language I don't understand about setting the parameters of the auction.

The following attachments were included with this message:

TYPE : FILE
NAME : 061708BZ.TXT

Content-type: MESSAGE/RFC822

RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
 id <01IYC50P79CW00IKTI@PMDF.EOP.GOV>; Wed, 17 Jun 1998 08:41:07 EDT
Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
 with ESMTP id <01IYC50NF87400CNU6@PMDF.EOP.GOV>; Wed,
 17 Jun 1998 08:41:05 -0400 (EDT)
Received: from MAILSENT.senate.gov ([199.95.76.9])

by STORM.EOP.GOV (PMDF V5.1-10 #29131)
with ESMTP id <01IYC50FW52I001AA6@STORM.EOP.GOV>; Wed,
17 Jun 1998 08:40:54 -0400 (EDT)
Received: from mailexch.senate.gov by MAILSENT.senate.gov; (8.8.2/SCO5)
id IAA20263; Wed, 17 Jun 1998 08:38:22 -0400 (EDT)
Received: from ccMail by mailexch.senate.gov
(IMA Internet Exchange 2.11 Enterprise) id 006B47E3; Wed,
17 Jun 1998 08:36:53 -0400
Content-description: cc:Mail note part

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Barry White (CN=Barry White/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:19-JUN-1998 18:52:25.00

SUBJECT: Meeting with Bill Hansen on auctions, et al.

TO: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: S. A. Noe (CN=S. A. Noe/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Leslie S. Mustain (CN=Leslie S. Mustain/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

Barry White (CN=Barry White/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
Barbara and I spent an hour with Bill this morning, ranging over a bunch of topics. Bill put a lot of emphasis on his concern for setting the stage for the next reauthorization, so it could deal with the issue ducked this time around, the next evolutionary stage of student loans.

He reminded us that he sat on the (less-than-exciting, by his own admission) college cost commission, wherein he sought to direct some attention to the actual level of subsidy provided to income groups from Federal grants and loans, tax credits, state/local and institutional aid. He feels the distribution of subsidies is heavily weighted to the upper income and that this should be redressed, with the savings from upper income people redistributed to lower income. Since was a theme of the Bush Administration's 1990-92 HEA reauthorization proposals, it isn't surprising to hear that he is still interested in it, especially now that we've gone so far with tax credits in aid of the middle class.

I would like to see some attention given to analysis of distributional affects of benfits by income class, over the coming year. You might discuss with Ginsburg (or whoever is the right person these days) and let me know what's possible, by when. Apparently the Commission's commissioned papers addressed the issue; you might try to get those as well. I wouldn't mind laying some groundwork for thinking along these lines as early as your FY00 Director's Review, though the 01 or 02 might be when you have some better data, especially on take up rates of the tax credits.

On auctions, Bill raised a number of questions and issues:

Many in Congress are, and should be, very reluctant to authorize ED to set up a "third delivery system" for student loans, which is how he characterizes auction pilots for up to 20% of volume. He notes with considerable emphasis how Education has spent huge sums of administrative money since 1994, even though direct lending is way behind the build up path for which 458 was intended. (there is actually much force to this argument, but I didn't concede it). He sees nothing from ED that indicates how much money they'll spend on the pilots, and envisions as much as $100 million!

Bill has a chart on student aid administration costs that is rather hard to deal with. I'm sending it to the Branch; we should discuss after you've had a chance to review. He is much focused on contract costs and on FTE build up. I told him a new COO would take these things firmly in hand.

ED's procurement capability is already proven to be very bad -- he affirms that it was under Bush, too -- and so one can have no confidence that the pilots will be run well, risking student and school loan flows.

Schools will rightly resist a rights auction, because it will mean changing their systems for two years during the pilot, with no notion of what will follow.

A rights auction won't assure a single point of contact for the student.

He can't understand why we won't go for a direct loan auction. He sees that as the most straightforward way to get a real handle on what the market values loans at. He sees clearly the high risk to the FFEL players of teeing up their subsidy, if the bids come in below the 2.8, but he still thinks it is the right thing to do.

I said it should be discussed, but he knew the problems with it politically. Also, I suggested that it wouldn't be right to do only DL auction, because (off the top of my head) (1) DL loans might be considered materially different by the market from FFEL loans (different origination and servicing, for example), which might mean that what we learn from the bids is not strictly transferable to FFEL, and that (2) bidders might bid differently, and be different bidders, for loans that have are not part of someone's FFEL portfolio. It would be nice if we had a few more arguments of greater weight. Anybody got some?

Bill can also see trying to get all or most of the schools in a single state to sign up for a loans auction, though he knows that getting the private schools could be a problem.

I told Bill that all his issues were important to work through, but that I didn't see a deal breaker in any of them; they should all be on the table (reserving judgement for DL auctions for now). He said that if he was speaking strictly in his EFC hat, he would put his list of over 100 issues down, and that his constituents were not supportive of auctions at all. His list is apparently on the hill. I'll ask him for it if you don't have it; let me know.

Still, it is clear that he is approaching this thoughtfully, and would not be a shrill negative voice if we got into a meaningful negotiation.

He did not mention that he has been working with Hoagland on auctions, as he had told me last week, but I hope some of what we said will get back to Hoagland. He invited Barbara to address his annual meeting in July, which she accepted.

He had one great, albeit inadvertent, line: describing the genesis of non-profit secondary markets, he related the story of Texas' problems in the 1970s getting banks to make loans, and Sallie Mae's willingness only to take the very best loans. Sallie Mae, he said, "was not providing the underbelly necessary for the loan system to work." Sallie Mae as underbelly! Some image.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Tom Butts <tombutts@umich.edu> (Tom Butts <tombutts@umich.edu> [UNKNOWN])

CREATION DATE/TIME:23-JUN-1998 22:48:10.00

SUBJECT: CONSOLIDATION INTEREST RATES

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Colleagues:

I think it is important for you to e-mail Acting Deputy Secretary Mike Smith and thank him for the Administration's action to lower the interest rate on consolidation loans. His e-mail address is Mike_Smith@ed.gov (Mike Smith). It is also important for you to let your Members of Congress and the leadership of the education committees know that you support this action and ask that they move promptly to make the same benefit available to students who wish to use FFELP consolidation.

The Administration's action to lower the interest rate on direct consolidation loans effective July 1 took courage! They will be criticized by some for not withholding the benefit from students and waiting for the Congress to take action on the rate for both FFELP and Direct Loans. On the other hand, they would have been criticized for impounding an important student benefit, that had no additional taxpayer cost associated with it, had they not taken the action they did. For many of us, choosing students over banker subsidies is an easy call.

I fear, however, that the enemies of direct lending will use this as an excuse to attack the program!

You should know:

-The House passed version of the HEA reauthorization set the consolidation interest rate at the weighted average of outstanding loans round up. Instead of giving consolidation students the benefit of the new, lower rate, the House charged all students higher rates in order to subsidize lenders. Under the House bill, Direct Loan borrowers would pay a subsidy to FFELP lenders in order to consolidate.

(Do you know anyone you know has refinanced a home or credit cards and paid a weighted average rate? It makes no sense that students should have to do something strange like that in order to provide extra profits for the loan industry.)

-The Secretary presently has the authority to set the consolidation interest rate for direct loan consolidations and the Senate bill continues that authority.

-The budget (both CBO and OMB) assumes that effective July 1 the direct loan consolidation interest rate will be the new, lower rate. This student benefit is paid for.

-Students with FFELP loans can benefit from the lower rate by participating in the direct loan consolidation program. Presently, only a small percentage students seeking consolidation are using FFELP. Recall that Sallie Mae WITHDREW from the program when students got a better deal last time.

-If the Adminstration had denied the benefit to students effective July 1, students would have waited to start the consolidation process in the hopes Congress might provide better terms after October 1 - creating a potential backlog.

-Nevertheless the processing capacity of the direct loan consolidation program has been increased and is working well now.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:26-JUN-1998 13:22:13.00

SUBJECT: Re[2]: ED Daily on Consolidation Rates

TO: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Diane_Rogers@ed.gov (Diane Rogers) (Diane_Rogers@ed.gov (Diane Rogers) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal@ed.gov (James Kvaal) (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])
READ:UNKNOWN

TO: Julie_Green@ed.gov (Julie Green) (Julie_Green@ed.gov (Julie Green) [UNKNOWN])
READ:UNKNOWN

TO: Stephanie_Babyak@ed.gov (Stephanie Babyak) (Stephanie_Babyak@ed.gov (Stephanie Babyak) [UNKNOWN])
READ:UNKNOWN

TO: Thomas_Kelley@ed.gov (Thomas Kelley) (Thomas_Kelley@ed.gov (Thomas Kelley) [UNKNOWN])
READ:UNKNOWN

TO: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
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READ:UNKNOWN

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I think we should give the press a version without the budget
estimates and
especially without the estimates of the loss to lenders and keeping
lenders
'whole'. So pls delete the last column before sending it to out.
Also,
does this accurately describe our HEA proposal? Didnt we propose to
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the DL rate set by regs? That is not what this says! I think PPI
should
scrub this again if it is to be a public press document. Thanks!!!

______________________________ Reply Separator
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Subject: Re: ED Daily on Consolidation Rates
Author: Jon Oberg at WDCB01
Date: 6/26/98 11:36 AM

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Subject: ED Daily on Consolidation Rates
Author: Kristi Kimball at WDCB01
Date: 6/25/98 5:06 PM

FYI

____

Education Daily
June 25, 1998

ED To Lower Rates On Consolidated Direct Loans

by Eli J. Lake

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Senate Labor and Human Resources Com-mittee spokesman Joe Karpinski said this decision likely could cause backlogs for ED.

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But ED officials deny the lower interest rate will slow down the process, under which ED combines separate loans borrowed by one student into a single account.

"As a result of significant improvements made last year, we are now consolidating more than 6,000 applications a month," an ED spokes-woman said.

ED temporarily halted its loan combination op-eration last August after congressional in-vestigations turned up some serious manage-ment weaknesses (ED, Aug. 29, 1997).

ED's woes prompted Congress to pass H.R. 2535, which allowed FEL providers to combine DSLs for one year (ED, Oct. 2, 1997).

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The House adopted this formula in H.R. 6, its Higher Education Act (HEA) reauthorization plan, for both the FEL and DSL programs.

The Senate kept the weighted average for FEL consolida-tions but allow-ed ED to establ-ish the consol-id-ated loan inter-est rate for DSL loans through regulation.

University and student groups favor a prop-osal to peg combined loan interest rates to the in-terest rate for guaranteed loans taking effect July 1.

Last week ED took matters into its own hands, setting the interest rate for loans consolidated through DSL at the 91-day Treasury bill rate, plus 2.3 percentage points. The formula that will take effect for FEL loans next month.

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After Congress passed H.R. 2535, the nation's largest student loan lender, the Student Loan Marketing Association, discont-in-ued all such loan groupings (ED, Nov. 18, 1997).

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The Senate is not expected to take up HEA legislation until next month.

- newconch.wpd================== ATTACHMENT 1 ==================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D86]MAIL419326778.126 to ASCII,
The following is a HEX DUMP:

================== END ATTACHMENT 1 ==================

Consolidation Loan Interest Rates

	Direct Loans	FFEL	FY 1998-03 Cost (OMB)
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Administration HEA proposal.	T-Bill + 2.3%, set annually, capped at 8.25%. **Borrowers would pay 7.46%.**	T-Bill + 2.3%, set annually, capped at 8.25%. (Special allowance also set annually.) **Borrowers would pay 7.46%.** Lost revenue to lenders over 5 years would be $730 million. Current consolidated loan holder fee payments over 5 years would be $1.4 billion. Reducing the consolidated loan holder fee by 50% would keep lenders whole at a federal cost of approximately $700 million.	-$34 million (due to the difference between 10-20-year +1, which was assumed in the baseline for Direct Loans, and T-bill + 2.3%.)

June 8, 1998

Automated Records Management System
Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])

CREATION DATE/TIME:26-JUN-1998 11:55:33.00

SUBJECT: Re: ED Daily on Consolidation Rates

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TO: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
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TO: David_Frank@ed.gov (David Frank) (David_Frank@ed.gov (David Frank) [UNKNOWN])
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TO: Jane_Glickman@ed.gov (Jane Glickman) (Jane_Glickman@ed.gov (Jane Glickman) [UNKNOWN])
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READ:UNKNOWN

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____

Subject: ED Daily on Consolidation Rates
Author: Kristi Kimball at WDCB01
Date: 6/25/98 5:06 PM

FYI

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June 25, 1998

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ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D63]MAIL47169477A.126 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

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June 8, 1998

Automated Records Management System
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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jane_Glickman@ed.gov (Jane Glickman) (Jane_Glickman@ed.gov (Jane Glickman) [UNKNOWN])

CREATION DATE/TIME:26-JUN-1998 13:22:10.00

SUBJECT: Re[3]: ED Daily on Consolidation Rates

TO: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

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READ:UNKNOWN

TEXT:
Don't worry -- we didn't do anything with it yet. We'll wait for further instructions from you on the chart.

______________________________ Reply Separator

Subject: Re[2]: ED Daily on Consolidation Rates
Author: Pauline Abernathy at WDCB01
Date: 6/26/98 1:07 PM

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Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1076-F

Bucket: OPD

Creation Date: 1998-06-29

Subject: Chronicle article on DL consolidation

Creator: Pauline_Abernathy@ed.gov Pauline Abernathy Pauline_Abernathy@ed.gov Pauline Abernathy [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 6-JUL-1998 12:22:18.00

SUBJECT: My Meeting with Morley and Sallie

TO: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

CC: Sally Katzen (CN=Sally Katzen/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Morley Winograd and I will be meeting this afternoon with some Sallie Mae reps (I think perhaps just one or two of our appointments to the board). The purpose of the meeting is to discuss our common interest in moving toward more "market-based" mechanisms for determining the government subsidies on student loans. However, Morley wanted me to make sure that Gene is aware that that they will also be complaining to us about the decision on the direct loan consolidation interest rate.

(Note: I don't consider this urgent).

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[EMAIL] and Tape Restoration Project [Email]

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Collection: 2017-1075-F

Bucket: OPD

Creation Date: 1998-07-08

Subject: Re: DRAFT tps to respond to Sallie Mae letter

Creator: Julie_Green@ed.gov Julie Green Julie_Green@ed.gov Julie Green [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])

CREATION DATE/TIME: 8-JUL-1998 20:01:42.00

SUBJECT: Re: Sound Bite on Discounts

TO: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

CC: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
See my comments in all caps below.

Don,

Please review the following two paragraphs, which we would like to use to explain that lenders can and do offer lower rates on student loans to some borrowers. Any comments?

FFEL Lenders can offer lower rates today. The HEA ONLY establishes the maximum rate that THEY may charge. LENDERS ARE FREE TO CHARGE LESS IF THEY WISH. To retain borrowers who are considering a Direct Consolidation Loan in order to get the new rate, lenders may offer to match or beat that rate, without EVEN requiring the borrower to go through the consolidation process.

In fact, many banks have already chosen to offer rate discounts to SELECTED student loan borrowers. Sallie Mae and a number of other FFEL lenders, including USA Group, Norwest Bank, PNC Bank, Nellie Mae, Citibank, Educaid and Chela Financial, currently provide an interest rate reduction of two full percentage points for student loan borrowers with a consistent record of repayment over four years. This voluntary reduction provided by FFEL lenders is the equivalent of an 80 basis point cut over a standard ten-year REPAYMENT PERIOD. IN APPLYING EXISTING STATUTE AND POLICY TO PROVIDE A LOWER CONSOLIDATION RATE IN DIRECT LOANS UNTIL OCTOBER 1, THE DEPARTMENT IS SIMPLY MAKING AVAILABLE TO ALL STUDENTS THE SAME BENEFITS THAT FFEL LENDERS ARE CURRENTLY PROVIDING ON A SELECTIVE BASIS TO THEIR BEST CUSTOMERS.

Thanks,
Kristi

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-JUL-1998 10:51:07.00

SUBJECT: Re: PBO for student aid

TO: Morley A. Winograd (CN=Morley A. Winograd/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TEXT:
We broke up not long after you left, though there I talked with them some more on the way out. Mitchell gave me the draft of a "study" proposal being pushed by Sallie Mae. I'll be taking a closer look at it.

The most interesting thing from my perspective is their fear (?) that the President will veto the Higher Education bill. I expect we'll get a bill we can sign.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME: 8-JUL-1998 16:23:35.00

SUBJECT: HEA on floor today? and lenders letter on LC interest rates

TO: Terry_Peterson@ed.gov (Terry Peterson) (Terry_Peterson@ed.gov (Terry Peterson) [UNKNOWN])
READ:UNKNOWN

TO: Julie_Green@ed.gov (Julie Green) (Julie_Green@ed.gov (Julie Green) [UNKNOWN])
READ:UNKNOWN

TO: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Sandra Yamin (CN=Sandra Yamin/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Barry White (CN=Barry White/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: William_Graham@ed.gov (William Graham) (William_Graham@ed.gov (William Graham) [UNKNOWN])
READ:UNKNOWN

TO: Brian_Siegel@ed.gov (Brian Siegel) (Brian_Siegel@ed.gov (Brian Siegel) [UNKNOWN])
READ:UNKNOWN

TO: Claudia_Withers@ed.gov (Claudia Withers) (Claudia_Withers@ed.gov (Claudia Withers) [UNKNOWN])
READ:UNKNOWN

TO: Mike_Smith@ed.gov (Mike Smith) (Mike_Smith@ed.gov (Mike Smith) [UNKNOWN])
READ:UNKNOWN

TO: Jill_Riemer@ed.gov (Jill Riemer) (Jill_Riemer@ed.gov (Jill Riemer) [UNKNOWN])
READ:UNKNOWN

TO: Scott_Fleming@ed.gov (Scott Fleming) (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])
READ:UNKNOWN

TO: Shelley_Amdur@ed.gov (Shelley Amdur) (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

TO: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal@ed.gov (James Kvaal) (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])
READ:UNKNOWN

TO: Maureen_McLaughlin@ed.gov (Maureen McLaughlin) (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

TO: Jane_Glickman@ed.gov (Jane Glickman) (Jane_Glickman@ed.gov (Jane Glickman) [UNKNOWN])
READ:UNKNOWN

TO: David_Frank@ed.gov (David Frank) (David_Frank@ed.gov (David Frank) [UNKNOWN])
READ:UNKNOWN

TO: Thomas_Skelly@ed.gov (Thomas Skelly) (Thomas_Skelly@ed.gov (Thomas Skelly) [UNKNOWN])
READ:UNKNOWN

TO: Jack_Kristy@ed.gov (Jack Kristy) (Jack_Kristy@ed.gov (Jack Kristy) [UNKNOWN])
READ:UNKNOWN

TO: Jamienne_Studley@ed.gov (Jamienne Studley) (Jamienne_Studley@ed.gov (Jamienne Studley) [UNKNOWN])
READ:UNKNOWN

TO: Susan_Frost@ed.gov (Susan Frost) (Susan_Frost@ed.gov (Susan Frost) [UNKNOWN])
READ:UNKNOWN

TO: Sarah_Lichtman_Spector@ed.gov (Sarah Lichtman Spector) (Sarah_Lichtman_Spector@ed.gov (Sarah Lichtman Spector) [UNKNOWN])
READ:UNKNOWN

TO: Thomas_Kelley@ed.gov (Thomas Kelley) (Thomas_Kelley@ed.gov (Thomas Kelley) [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: Lynn_Mahaffie@ed.gov (Lynn Mahaffie) (Lynn_Mahaffie@ed.gov (Lynn Mahaffie) [UNKNOWN])
READ:UNKNOWN

TO: Diane_Rogers@ed.gov (Diane Rogers) (Diane_Rogers@ed.gov (Diane Rogers) [UNKNOWN])
READ:UNKNOWN

TO: David_Longanecker@ed.gov (David Longanecker) (David_Longanecker@ed.gov (David Longanecker) [UNKNOWN])
READ:UNKNOWN

TEXT:

HEA could be on the Senate floor this afternoon. The Senate cloakroom confirmed that it could come up after the IRS bill, so they thought that could be later today but there is no time agreement. Any other information on this?

Also, Sallie Mae just delivered a letter to me to the Secretary (Hill cc'd) from all the lenders arguing that the reduced rate on Direct Consolidation Loans is unlawful, destabilizing, and could cost taxpayers $2.5 Billion over 3 months. They threaten legal action and request a meeting with the Dept. to discuss it. Kristi is distributing this letter internally, including to OGC.

When I asked why we had not heard from the industry after we sent our mid-June letter to the Hill laying out our intentions, she said they didnt think we would really drop the rate given GOP opposition. A miscalculation on their part.

We will need to have a cleared response for any press inquiries and for the Hill. Initially perhaps something such as:

"The DL consoldiation interest rate has consistently matched the new student loan rate so the reduction in the Direct consolidation rate to match the new low student loan rate is entirely consistent with Department policy, regulations and the law. It is strongly supported by the higher education and student community because it is consistent with past policy and will significantly help borrowers struggling to repay their student loans. The Administration and CBO's baselines reflect this reduction and therefore the cost of this action is already reflected in both budget baselines. The same reduction in the interest rate on FFEL consolidation loans was included in the Administration's HEA reauthorization proposal, and we are hopeful that provisions will be included in the reauthorization of the Higher Education Act to ensure that students consolidating their loans in FFEL receive the same reduced interest rate as borrowers consolidating in the Direct Loan program."

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])

CREATION DATE/TIME: 8-JUL-1998 18:37:31.00

SUBJECT: Re[2]: DRAFT tps to respond to Sallie Mae letter

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:

Hmm, good point. Maybe we could add a reference to the specific regs in the first bullet. I'll talk to Pauline about it.

Kristi

______________________________ Reply Separator
____

Subject: Re: DRAFT tps to respond to Sallie Mae letter
Author: Robert_M._Shireman@opd.eop.gov at Internet
Date: 7/8/98 6:18 PM

Sallie is getting away with quoting the part of the regulation that is "3.1" but not the part that says that the rate is the same as the rate on Stafford loans. Does it make sense to either call them on that, ("deceptive") or cite that part of the regs?

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Collection: 2017-1076-F

Bucket: OPD

Creation Date: 1998-07-08

Subject: 7:45

Creator: Robert M. Shireman CN=Robert M. Shireman/OU=OPD/O=EOP [OPD]

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

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This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1076-F

Bucket: OPD

Creation Date: 1998-07-08

Subject: Re: HEA on floor today? and lenders letter on LC interest ra

Creator: Shelley_Amdur@ed.gov Shelley Amdur Shelley_Amdur@ed.gov Shelley Amdur [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-JUL-1998 19:30:51.00

SUBJECT: gOOD sTORY ON lOAN cUTS

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

CC: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

CC: Melissa G. Green (CN=Melissa G. Green/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Education Dept Lowers Interest Rate

By KALPANA SRINIVASAN Associated Press Writer

WASHINGTON (AP) -- The Education Department is slashing interest rates for the next three months for people who want to consolidate direct student loans with federally guaranteed student loans.

Private lenders protested the move, calling it an unauthorized use of federal money that violates ``the level playing field principle'' allowing them to compete with the government.

Education Secretary Richard Riley made the decision July 1 that those who apply for loan consolidation or refinancing before Sept. 30 can benefit from the interest rate sliced from 8.25 percent to 7.46 percent. The department hopes the new rate -- an interim measure while Congress debates a higher education bill to reauthorize the entire student loan program -- will become law.

The new rate is intended to make the system consistent, so that the interest students pay for new loans are the same as the interest they pay for direct consolidation loans, said department spokeswoman Julie Green.

But private lenders, who comprise the other component of the guaranteed student loan program, worry the government will lure away students with lower interest rates. In a letter to Riley, a coalition of associations representing lenders, guarantors and secondary markets, challenged the legality of the interest rate reduction, saying it would require unauthorized spending of federal funds. Among the signers is the Student Loan Marketing Association, known as Sallie Mae, the federally chartered, privately financed corporation that is the nation's largest buyer of government-guaranteed student loans.

``We believe the proposed plan is arbitrary and capricious, an abuse of discretion, and in excess of statutory authority," the groups wrote in a letter Tuesday.

They added that ``the proposed action also would destabilize the student loan markets, rupture the cooperative public/private partnership that has helped to make the American educational system available to millions, and violate the level playing field principle that the Congress and the administration have promoted."

Despite the opposition by the lenders, Green said the measure will ``help students who are struggling to repay their loans."

On average, students will save about $50 for $1,000 borrowed over the life of their loans, the department said. Someone who consolidates about $19,000 in loans will save nearly $1,000 over the standard 10-year loan period.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])

CREATION DATE/TIME: 8-JUL-1998 22:50:46.00

SUBJECT: Re: DRAFT tps to respond to Sallie Mae letter

TO: joberg@aol.com (joberg@aol.com [UNKNOWN])
READ:UNKNOWN

TO: Terry_Peterson@ed.gov (Terry Peterson) (Terry_Peterson@ed.gov (Terry Peterson) [UNKNOWN])
READ:UNKNOWN

TO: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TO: Julie_Green@ed.gov (Julie Green) (Julie_Green@ed.gov (Julie Green) [UNKNOWN])
READ:UNKNOWN

TO: Jack_Kristy@ed.gov (Jack Kristy) (Jack_Kristy@ed.gov (Jack Kristy) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

TO: Diane_Rogers@ed.gov (Diane Rogers) (Diane_Rogers@ed.gov (Diane Rogers) [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: Lidice_Rivas@ed.gov (Lidice Rivas) (Lidice_Rivas@ed.gov (Lidice Rivas) [UNKNOWN])
READ:UNKNOWN

TO: David_Longanecker@ed.gov (David Longanecker) (David_Longanecker@ed.gov (David Longanecker) [UNKNOWN])
READ:UNKNOWN

TO: Jill_Riemer@ed.gov (Jill Riemer) (Jill_Riemer@ed.gov (Jill Riemer) [UNKNOWN])
READ:UNKNOWN

TO: Claudia_Withers@ed.gov (Claudia Withers) (Claudia_Withers@ed.gov (Claudia Withers) [UNKNOWN])
READ:UNKNOWN

TO: Brian_Siegel@ed.gov (Brian Siegel) (Brian_Siegel@ed.gov (Brian Siegel) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal@ed.gov (James Kvaal) (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])

READ:UNKNOWN

TO: Shelley_Amdur@ed.gov (Shelley Amdur) (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

TO: Maureen_McLaughlin@ed.gov (Maureen McLaughlin) (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

TEXT:

So far, I have heard from Don F., Brian Siegel, Maureen, Julie Green, James, Pauline and Bob Shireman.

This is a revised version, incorporating all recent comments. Please review the document again and send any additional comments first thing THURS morning. We would like to finish the clearance asap.

Thanks,
Kristi

______________________________ Reply Separator
____

Subject: DRAFT tps to respond to Sallie Mae letter
Author: Kristi Kimball at WDCB01
Date: 7/8/98 5:56 PM

Please review asap the attached one-pager that responds to the Sallie Mae letter on loan consolidation. I will incorporate any comments tonight and attempt to finalize the document later tonight or tomorrow morning at the latest.

The document will be distributed to Dems on the Hill, and it will provide background for the Secretary and the Deputy Secretary for press calls.

Don F.'s comments have already been incorporated, and we are waiting for confirmation from Treasury and Budget Service on the last bullet point (re: voluntary 80 basis point discounts).

Thanks,
Kristi

- sm.711=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D67]MAIL48293198D.126 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

TALKING POINTS IN RESPONSE TO THE BANKERS' LETTER (7/7/98) on the Direct Consolidation Loan Interest Rate

- **The drop in the Direct Consolidation Loan interest rate is consistent with the Higher Education Act and the Department's regulations and long-standing policy.** Historically, the Direct Consolidation Loan interest rate has matched the rate for new student loans. The reduction in the interest rate on Direct Consolidation Loans on July 1 to match the new low student loan rate is entirely consistent with Department policy, regulations and the law.

- **The interest rate reduction will help students struggling to repay their loans.** We shouldn't deviate from our long-standing policy at the expense of students. Under the new interest rate, the average consolidation borrower with a debt of about $19,000 will save close to $1,000 over the standard ten-year repayment period.

- **The rate reduction is strongly supported by student groups and the higher education community.** These groups support the rate reduction because it is consistent with past policy and will significantly help borrowers struggling to repay their student loans. On July 6, a letter in support of the Department's action was sent to Congress by student groups and higher education associations [including the American Council on Education (ACE), the American Association of State Colleges and Universities (AASCU), the United States Student Association (USSA), the US Public Interest Research Group (US PIRG) and the National Association of Graduate-Professional Students (NAGPS)].

- **The drop in the Direct Consolidation Loan rate is consistent with OMB and CBO's budget baselines.** The Administration and CBO's budget baselines reflect this reduction and, therefore, the cost of this action is already reflected in both budget baselines.

- **The Department supports a low rate for students in both FFEL and Direct Consolidation Loans.** The same reduction in the interest rate on FFEL Consolidation Loans was included in the Administration's HEA reauthorization proposal, and we are hopeful that provisions will be included in the reauthorization of the Higher Education Act to ensure that students consolidating their loans in FFEL receive the same reduced interest rate as borrowers consolidating in the Direct Loan program.

- **FFEL lenders can offer lower rates today.** The HEA only establishes the maximum rate they may charge. Lenders are free to charge less if they wish. FFEL lenders may offer to match or beat the Direct Consolidation interest rate, without even requiring borrowers to go through the consolidation process. (While lenders could also offer consolidation loans at the new rate, it would be less profitable to do so because of a fee imposed on lenders under current law.)

  And many lenders do offer lower rates to selected student loan borrowers. Anumber of FFEL lenders, including Sallie Mae, USA Group, Norwest Bank, PNC Bank, Nellie Mae and Citibank, currently provide an interest rate reduction of *two full percentage points* for student loan borrowers with a consistent record of repayment after four years -- a voluntary cut more than double the size of the 80 basis point rate reduction on Direct Consolidation Loans. The drop in the Direct Consolidation rate makes lower interest rates, currently enjoyed by a few students, available to all students.

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Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Tom Butts <tombutts@umich.edu> (Tom Butts <tombutts@umich.edu> [UNKNOWN])

CREATION DATE/TIME: 8-JUL-1998 12:00:14.00

SUBJECT: Nellie Mae - Chronicle

TO: Bev_Schroeder@labor.senate.gov (Bev Schroeder) (Bev_Schroeder@labor.senate.gov (Bev Schroeder) [UNKNOWN])
READ:UNKNOWN

CC: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Wednesday, July 8, 1998

Top Non-Profit Provider of Student Loans Goes Private

By DOUGLAS LEDERMAN

Nellie Mae, the nation's largest non-profit provider of student loans, is now a private corporation. With the switch, which troubles some consumer advocates, the Massachusetts-based company will continue to make loans to students, but it will also use the assets it built up as a tax-exempt organization to start a $250-million foundation to study education.

For more than 25 years, Nellie Mae was a not-for-profit, state-chartered entity that provided loans to college students. It began as a "secondary market," an organization that buys loans made to students by banks and then manages the loans. Then, in 1992, it began making loans directly to students. Nellie Mae is the nation's eighth-largest holder of loans to students, with assets of $2.7-billion.

A 1996 change in federal law gave non-profit student-loan companies a one-time opportunity to divide their assets between two entities: a taxable corporation and an education-related foundation. Sallie Mae, a federally chartered non-profit company that had grown into the nation's largest provider of student loans, took advantage of that opportunity last year.

Under Nellie Mae's new structure, which took effect July 1, the company has two parts: the taxable Nellie Mae Corporation, which will continue to make and administer federal and private student loans, and the Nellie Mae Foundation, which through grants and studies will promote "educational quality, access, and effectiveness," Nellie Mae officials say.

Company officials say the change will not affect the flow of loans to students, and, in fact, will enhance service to students by giving Nellie Mae new ways to raise money.

Some critics, however, fear that the primary beneficiaries of the transfer will be Nellie Mae officials, not students or taxpayers. Those critics argue that many of Nellie Mae's assets were accumulated by not having to pay taxes on its income, and through other benefits of non-profit status. They worry that too great a proportion of those assets will wind up in the for-profit company, and will eventually enrich Nellie Mae officers and stockholders if the company becomes publicly traded.

"Our concern is that not enough of it will be put into the charitable foundation, and that more than should be will end up in pockets of shareholders and top management there," said Elizabeth Imholz, a lawyer at Consumers Union, a non-profit group that has raised similar questions about the conversion of health-care organizations from non-profit to for-profit status. She said her group and a coalition of others also wanted to guard against an overlap in the boards of the corporation and the foundation that might lead to conflicts of interest.

Ms. Imholz said the consumer groups were working with the Massachusetts Attorney General to insure that the public interest is protected in Nellie Mae's transition. The Attorney General's office has approved Nellie Mae's plans but will continue to monitor the transition as it proceeds.

Background story from The Chronicle:

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])

CREATION DATE/TIME: 8-JUL-1998 17:07:36.00

SUBJECT: Sound Bite on Discounts

TO: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

CC: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Don,

Please review the following two paragraphs, which we would like to use to explain that lenders can and do offer lower rates on student loans to some borrowers. Any comments?

Lenders can offer lower rates today. The HEA establishes the maximum rate that lenders may charge. To retain borrowers who are considering a Direct Consolidation Loan in order to get the new rate, lenders may offer to match or beat that rate, without requiring the borrower to go through the consolidation process.

In fact, many banks have already chosen to offer rate discounts to some student loan borrowers. Sallie Mae and a number of other FFEL lenders, including USA Group, Norwest Bank, PNC Bank, Nellie Mae, Citibank, Educaid and Chela Financial, currently provide an interest rate reduction of two full percentage points for student loan borrowers with a consistent record of repayment over four years. This voluntary reduction provided by FFEL lenders is the equivalent of an 80 basis point cut over a standard ten-year loan.

Thanks,
Kristi

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This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1075-F

Bucket: OPD

Creation Date: 1998-07-08

Subject: Re[2]: DRAFT tps to respond to Sallie Mae letter

Creator: Kristi_Kimball@ed.gov Kristi Kimball
Kristi_Kimball@ed.gov Kristi Kimball [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 8-JUL-1998 18:18:08.00

SUBJECT: Re: DRAFT tps to respond to Sallie Mae letter

TO: Kristi_Kimball (Kristi_Kimball @ ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TEXT:
Sallie is getting away with quoting the part of the regulation that is "3.1" but not the part that says that the rate is the same as the rate on Stafford loans. Does it make sense to either call them on that, ("deceptive") or cite that part of the regs?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])

CREATION DATE/TIME: 8-JUL-1998 18:09:00.00

SUBJECT: DRAFT tps to respond to Sallie Mae letter

TO: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TO: Julie_Green@ed.gov (Julie Green) (Julie_Green@ed.gov (Julie Green) [UNKNOWN])
READ:UNKNOWN

TO: Jack_Kristy@ed.gov (Jack Kristy) (Jack_Kristy@ed.gov (Jack Kristy) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

TO: Diane_Rogers@ed.gov (Diane Rogers) (Diane_Rogers@ed.gov (Diane Rogers) [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: David_Longanecker@ed.gov (David Longanecker) (David_Longanecker@ed.gov (David Longanecker) [UNKNOWN])
READ:UNKNOWN

TO: Jill_Riemer@ed.gov (Jill Riemer) (Jill_Riemer@ed.gov (Jill Riemer) [UNKNOWN])
READ:UNKNOWN

TO: Claudia_Withers@ed.gov (Claudia Withers) (Claudia_Withers@ed.gov (Claudia Withers) [UNKNOWN])
READ:UNKNOWN

TO: Brian_Siegel@ed.gov (Brian Siegel) (Brian_Siegel@ed.gov (Brian Siegel) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal@ed.gov (James Kvaal) (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])
READ:UNKNOWN

TO: Shelley_Amdur@ed.gov (Shelley Amdur) (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

TO: Maureen_McLaughlin@ed.gov (Maureen McLaughlin) (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

TEXT:

Please review asap the attached one-pager that responds to the Sallie Mae letter on loan consolidation. I will incorporate any comments tonight and attempt to finalize the document later tonight or tomorrow morning at the latest.

The document will be distributed to Dems on the Hill, and it will provide background for the Secretary and the Deputy Secretary for press calls.

Don F.'s comments have already been incorporated, and we are waiting for confirmation from Treasury and Budget Service on the last bullet point (re: voluntary 80 basis point discounts).

Thanks,
Kristi

- sm.709=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D7]MAIL41874098Q.126 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

Talking Points in Response to Sallie Mae Letter

DRAFT DRAFT DRAFT

- **The drop in the Direct Consolidation Loan interest rate is consistent with the Department's long-standing policy.** The Direct Consolidation Loan interest rate has consistently matched the rate for new student loans. Therefore, the reduction in the interest rate on Direct Consolidation Loans to match the new low student loan rate is entirely consistent with Department policy, regulations and the law.

- **The rate reduction is strongly supported by student groups and the higher education community.** These groups support the rate reduction because it is consistent with past policy and will significantly help borrowers struggling to repay their student loans. On July 6, a letter in support of the Department's action was sent to Congress by student groups and higher education asssociations including USSA, US PIRG, NAGPS, ACE, AASCU, AAU, AACC, NAICU, NASULGC and NASFAA.

- **The drop in the Direct Consolidation Loan rate is consistent with OMB and CBO's budget baselines.** The Administration and CBO's budget baselines reflect this reduction and, therefore, the cost of this action is already reflected in both budget baselines.

- **The Department supports a low rate for students in both FFEL and Direct Consolidation Loans.** The same reduction in the interest rate on FFEL Consolidation Loans was included in the Administration's HEA reauthorization proposal, and we are hopeful that provisions will be included in the reauthorization of the Higher Education Act to ensure that students consolidating their loans in FFEL receive the same reduced interest rate as borrowers consolidating in the Direct Loan program.

- **Lenders can offer lower rates today.** The HEA only establishes the maximum rate that they may charge. Lenders are free to charge less if they wish. To retain borrowers who are considering a Direct Consolidation Loan in order to get the new rate, lenders may offer to match or beat that rate, without even requiring the borrower to go through the consolidation process.

  In fact, many lenders, including Sallie Mae, already offer rate discounts to selected student loan borrowers. Sallie Mae and a number of other FFEL lenders, including USA Group, Norwest Bank, PNC Bank, Nellie Mae, Citibank, Educaid and Chela Financial, currently provide an interest rate reduction of *two full percentage points* for student loan borrowers with a consistent record of repayment over four years. This voluntary reduction provided by FFEL lenders is the equivalent of an *80 basis point cut* over a standard ten-year repayment period.

  In applying existing statute and policy to provide a lower consolidation rate in Direct Loans until October 1, the Department is simply making available to all students the same benefits that FFEL lenders are currently providing on a selective basis to their best customers.

  (While lenders could also offer consolidation loans at the new rate, it would be less profitable to do so because of a fee imposed on lenders under current law.)

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1076-F

Bucket: OPD

Creation Date: 1998-07-09

Subject: Re: draft Letter to lenders

Creator: Pauline_Abernathy@ed.gov Pauline Abernathy Pauline_Abernathy@ed.gov Pauline Abernathy [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 9-JUL-1998 10:09:20.00

SUBJECT: Re: DRAFT tps to respond to Sallie Mae letter

TO: Kristi_Kimball (Kristi_Kimball @ ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TEXT:
It's not accurate to say that the 2 percentage point reduction is more than double the 80 bp reduction, so I'd delete that.

Can we add "always" (and maybe take out "Historically"): Historically, the Direct Consolidation Loan interest rate has ALWAYS matched the rate for new student loans

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME: 9-JUL-1998 13:17:07.00

SUBJECT: How SLMA got the $2.5 billion estimate

TO: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Barry White (CN=Barry White/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Sandra Yamin (CN=Sandra Yamin/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
fyi
---------------------- Forwarded by Kathryn B. Stack/OMB/EOP on 07/09/98
01:16 PM ---------------------------

William_Graham@ed.gov
07/09/98 12:20:00 PM
Record Type: Record

To: Kathryn B. Stack@eop
cc:
Subject: How SLMA got the $2.5 billion estimate

How SLMA got the $2.5 billion estimate:

1) 100% of existing DL borrowers consolidate in DL at lower rate
(this
is most of the cost) -- approx 3.3 billion borrowers with $28.8
b
outstanding

2) 10% of outstanding FFEL volume would consolidate into DL
which
would normally consolidate into FFEL -- still working on
volume
numbers. Federal cost related to the foregone annual
1.05%

consolidated loan holder fee.

3) Payment of $80/consolidation to EDS

Source: SLMA Rose DiNapoli

=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
 id <01IZ74JA6I3K001RUY@PMDF.EOP.GOV> for Stack_K@a1.eop.gov; Thu,
 9 Jul 1998 13:01:41 EDT
Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
 with ESMTP id <01IZ74J6X5KG002I5X@PMDF.EOP.GOV> for Stack_K@a1.eop.gov; Thu,
 09 Jul 1998 13:01:36 -0400 (EDT)
Received: from vader.ed.gov ([165.224.216.253])
 by STORM.EOP.GOV (PMDF V5.1-10 #29131)
 with ESMTP id <01IZ74J20EP0000ABQ@STORM.EOP.GOV> for Stack_K@a1.eop.gov; Thu,

 09 Jul 1998 13:01:27 -0400 (EDT)
Received: from smtpgwy1.ed.gov (smtpgwy1.ed.gov [165.224.16.166])
 by vader.ed.gov (8.8.7/8.8.4) with SMTP id NAA17206 for <Stack_K@a1.eop.gov>;

 Thu, 09 Jul 1998 13:04:13 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov
 (IMA Internet Exchange 2.12 Enterprise) id 001C061C; Thu,
 09 Jul 1998 12:46:12 -0400
================= END ATTACHMENT 1 =================

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])

CREATION DATE/TIME: 9-JUL-1998 11:35:09.00

SUBJECT: Re[2]: DRAFT tps to respond to Sallie Mae letter

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TEXT:
Bob,

I'll take out the 80 bp comparison.

Our lawyers have specifically forbidden us to say "always," and instead prefer "consistently." (I believe this is because using always may cause problems if we decide to change our policy in the future.)

I used "historically" because we use "consistent" many times in that bullet, but I could just stick in another consistent if that is your preference.

Kristi

______________________________ Reply Separator
____

Subject: Re: DRAFT tps to respond to Sallie Mae letter
Author: Robert_M._Shireman@opd.eop.gov at Internet
Date: 7/9/98 10:08 AM

It's not accurate to say that the 2 percentage point reduction is more than double the 80 bp reduction, so I'd delete that.

Can we add "always" (and maybe take out "Historically"): Historically, the Direct Consolidation Loan interest rate has ALWAYS matched the rate for new student loans

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])

CREATION DATE/TIME: 9-JUL-1998 19:42:58.00

SUBJECT: Sallie Mae Talking Points

TO: Jane_Glickman@ed.gov (Jane Glickman) (Jane_Glickman@ed.gov (Jane Glickman) [UNKNOWN])
READ:UNKNOWN

TO: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TO: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [
UNKNOWN])
READ:UNKNOWN

TO: Julie_Green@ed.gov (Julie Green) (Julie_Green@ed.gov (Julie Green) [UNKNOWN])
READ:UNKNOWN

TO: Jack_Kristy@ed.gov (Jack Kristy) (Jack_Kristy@ed.gov (Jack Kristy) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

TO: Diane_Rogers@ed.gov (Diane Rogers) (Diane_Rogers@ed.gov (Diane Rogers) [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: Rodger_Murphey@ed.gov (Rodger Murphey) (Rodger_Murphey@ed.gov (Rodger Murphey) [UNKNOWN])
READ:UNKNOWN

TO: Stephanie_Babyak@ed.gov (Stephanie Babyak) (Stephanie_Babyak@ed.gov (Stephanie Babyak) [UNKNOWN
])
READ:UNKNOWN

TO: David_Longanecker@ed.gov (David Longanecker) (David_Longanecker@ed.gov (David Longanecker) [
UNKNOWN])
READ:UNKNOWN

TO: Jill_Riemer@ed.gov (Jill Riemer) (Jill_Riemer@ed.gov (Jill Riemer) [UNKNOWN])
READ:UNKNOWN

TO: Claudia_Withers@ed.gov (Claudia Withers) (Claudia_Withers@ed.gov (Claudia Withers) [UNKNOWN])
READ:UNKNOWN

TO: Brian_Siegel@ed.gov (Brian Siegel) (Brian_Siegel@ed.gov (Brian Siegel) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal@ed.gov (James Kvaal) (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])
READ:UNKNOWN

TO: Shelley_Amdur@ed.gov (Shelley Amdur) (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

TO: Maureen_McLaughlin@ed.gov (Maureen McLaughlin) (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

TEXT:

Attached is the latest version of the talking points responding to the Sallie Mae letter. It incorporates the latest data from William about the assumptions underlying Sallie Mae's $2.5 billion cost number.

______________________________ Reply Separator
____

Subject: DRAFT tps to respond to Sallie Mae letter
Author: Kristi Kimball at WDCB01
Date: 7/8/98 5:56 PM

Please review asap the attached one-pager that responds to the Sallie Mae letter on loan consolidation. I will incorporate any comments tonight and attempt to finalize the document later tonight or tomorrow morning at the latest.

The document will be distributed to Dems on the Hill, and it will provide background for the Secretary and the Deputy Secretary for press calls.

Don F.'s comments have already been incorporated, and we are waiting for confirmation from Treasury and Budget Service on the last bullet point (re: voluntary 80 basis point discounts).

Thanks,
Kristi

- sm.716=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D17]MAIL450767988.126 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

TALKING POINTS IN RESPONSE TO THE SALLIE MAE LETTER (7/7/98) on the Direct Consolidation Loan Interest Rate

- **The drop in the Direct Consolidation Loan interest rate is consistent with the Administration's policy to help families pay for college and with the Higher Education Act (HEA) and the Department's regulations and long-standing policy.** The Direct Consolidation Loan interest rate has historically matched the rate for new student loans. The July 1 reduction in the interest rate on Direct Consolidation Loans to match the new low student loan rate is entirely consistent with Department policy, regulations and the law.

- **The interest rate reduction will help students struggling to repay their loans.** We shouldn't deviate from our long-standing policy at the expense of students. With the new .8 percentage point rate reduction, the average consolidation borrower with a debt of about $19,000 will save close to $1,000 over the standard ten-year repayment period.

- **The rate reduction is strongly supported by student groups and the higher education community.** These groups support the rate reduction because it is consistent with past policy and will significantly help borrowers struggling to repay their student loans. On July 6, a letter in support of the Department's action was sent to Congress by student groups and higher education associations [including the American Council on Education (ACE), the American Association of State Colleges and Universities (AASCU), the United States Student Association (USSA), the US Public Interest Research Group (US PIRG) and the National Association of Graduate-Professional Students (NAGPS)].

- **The drop in the Direct Consolidation Loan rate is in the OMB and CBO budget baselines.** The Administration and CBO's budget baselines include the reduction, and, therefore, the cost of this action is already reflected in both budget baselines. Further, the lenders' estimate of the three-month cost of the reduction is ridiculous. It would require a *20,000 percent increase* in demand for consolidations -- a jump from 24,000 to 4.9 million new consolidation applications -- over the next three months. The lenders seem to think the role of the federal student loan programs is to make money for the federal government at the expense of families and students.

- **The Department supports a low rate for students in both FFEL and Direct Consolidation Loans.** The same reduction in the interest rate on FFEL Consolidation Loans was included in the Administration's HEA reauthorization proposal, and we are hopeful that provisions will be included in the final HEA reauthorization to ensure that students consolidating their loans in FFEL receive the same reduced interest rate as borrowers consolidating in the Direct Loan program.

- **FFEL lenders can offer lower rates today.** The HEA only establishes the maximum rate they may charge. Lenders are free to charge less if they wish. FFEL lenders may offer to match or beat the Direct Consolidation interest rate, without even requiring borrowers to go through the consolidation process. (While lenders could also offer consolidation loans at the new rate, it would be less profitable to do so because of a fee imposed on lenders under current law.)

  And many lenders do offer lower rates to selected student loan borrowers. A number of FFEL lenders, including Sallie Mae, USA Group, Norwest Bank, PNC Bank, Nellie Mae and Citibank, currently provide an interest rate reduction of *two full percentage points* after four years for student loan borrowers with a consistent record of repayment. The drop in the Direct Consolidation rate makes lower rates, currently enjoyed by a few students, available to all students.

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1076-F

Bucket: OPD

Creation Date: 1998-07-13

Subject: Re[5]: Letter to lenders

Creator: Brian_Siegel@ed.gov Brian Siegel Brian_Siegel@ed.gov Brian Siegel [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:13-JUL-1998 12:03:30.00

SUBJECT: Re[2]: Letter to lenders

TO: stack_k@a1.eop.gov (stack_k@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

TO: Jean_Veta@ed.gov (Jean Veta) (Jean_Veta@ed.gov (Jean Veta) [UNKNOWN])
READ:UNKNOWN

TO: Terry_Peterson@ed.gov (Terry Peterson) (Terry_Peterson@ed.gov (Terry Peterson) [UNKNOWN])
READ:UNKNOWN

TO: Daniel_Bernal@ed.gov (Daniel Bernal) (Daniel_Bernal@ed.gov (Daniel Bernal) [UNKNOWN])
READ:UNKNOWN

TO: Shelley_Amdur@ed.gov (Shelley Amdur) (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Diane_Rogers@ed.gov (Diane Rogers) (Diane_Rogers@ed.gov (Diane Rogers) [UNKNOWN])
READ:UNKNOWN

TO: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

TO: Mike_Smith@ed.gov (Mike Smith) (Mike_Smith@ed.gov (Mike Smith) [UNKNOWN])
READ:UNKNOWN

TO: Phil_Link@ed.gov (Phil Link) (Phil_Link@ed.gov (Phil Link) [UNKNOWN])
READ:UNKNOWN

TO: Jill_Riemer@ed.gov (Jill Riemer) (Jill_Riemer@ed.gov (Jill Riemer) [UNKNOWN])
READ:UNKNOWN

TO: William_Graham@ed.gov (William Graham) (William_Graham@ed.gov (William Graham) [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal@ed.gov (James Kvaal) (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])
READ:UNKNOWN

TO: Brian_Siegel@ed.gov (Brian Siegel) (Brian_Siegel@ed.gov (Brian Siegel) [UNKNOWN])
READ:UNKNOWN

TO: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TO: Maureen_McLaughlin@ed.gov (Maureen McLaughlin) (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

CC: Larry_Oxendine@ed.gov (Larry Oxendine) (Larry_Oxendine@ed.gov (Larry Oxendine) [UNKNOWN])
READ:UNKNOWN

CC: Jack_Kristy@ed.gov (Jack Kristy) (Jack_Kristy@ed.gov (Jack Kristy) [UNKNOWN])
READ:UNKNOWN

CC: Harold_Jenkins@ed.gov (Harold Jenkins) (Harold_Jenkins@ed.gov (Harold Jenkins) [UNKNOWN])
READ:UNKNOWN

CC: Claudia_Withers@ed.gov (Claudia Withers) (Claudia_Withers@ed.gov (Claudia Withers) [UNKNOWN])
READ:UNKNOWN

TEXT:
I think it is a good letter. I now have only very small comments below. If there is a mtg with SM tomorrow, then we may need to have this cleared by the
end of the day today. We also need to decide who should sign the letter.

Pls see comments below.

Dear X:

This is in response to the letter, on Sallie Mae letterhead, dated July 7, 1998 and said to be from you and other organizations. That letter objects to the Department's action to conform the interest rate on Consolidation Loans made in the Federal Direct Student Loan Program with the interest rates on other student loans as set forth in the Transportation Equity Act for the 21st Century, Pub.L. 105-178 (TEA).
Pls check how people refer to the law -- I have heard "TEA21".

We strongly disagree with the opinions expressed in your letter. The reduction in the Direct Consolidation Loan interest rate is consistent with the Higher Education Act, the Department's regulations and long standing policy as well as with the Administration's policy of helping families pay for college. The rate reduction is strongly supported by student groups and the higher education community because it will significantly benefit borrowers struggling to repay their student loans. For example, the average consolidation loan borrower with a debt of $19,000 will save close to $1,000 over the standard ten-year repayment period from the 0.8 percentage point reduction in interest rates.

You contend that the Department's implementation of reduced interest rates for Direct Consolidation Loans in accordance with the? TEA [check acronym] violates the notice and comment requirements of the Administrative Procedure Act. In fact, however, the Department's regulations have consistently provided that the interest rate on Direct Consolidation Loans would be the same as the interest rates on new student loans made at the same time as the Consolidation Loans. This rule has been in place since the Department first issued rules governing the Direct Consolidation Loan program in July 1994 and is consistent with the Higher Education Act (HEA). A new rule is not required to implement this new interest rate.

Your letter also inaccurately states the history of interest rates in the Direct Consolidation Loan Program. Since the beginning of the program, the interest rate on these loans has been tied to the interest rate on new Direct Loans. Until last fall, this formula was different from the interest rate formula for Consolidation Loans under the Federal Family Education Loan (FFEL) Program, which was based on the weighted average of the loans being consolidated. The current interest rate formula for FFEL Program Consolidation Loans was enacted [do we need to say the name or can we just say "in ___, 1997 " as part of the Emergency Student Loan Consolidation Act of 1997] and applies only until October 1, 1998. Under current law, after October 1, the maximum interest rate on FFEL Program Consolidation Loans reverts to the weighted average of the loans being consolidated and would, in any case, be different from the interest rate on Direct Consolidation Loans.

Your argument regarding the impact on the Federal budget is also not supported by the facts. The lower interest rate on Direct Consolidation Loans is consistent with the budget baselines prepared by the Office of Management and Budget and the Congressional Budget Office. Therefore, the cost of the lower rate is already reflected in the budgets. Moreover, your estimate of the federal cost of this policy is not only wrong but seems to assume a 20,000% increase in the volume of Direct Consolidation Loans over the next three months due to the lower interest rate. [omit? This assumption is not supported by any reasonable analysis of likely demand.]

You also indicate that the reduced Direct Consolidation Loan interest rate could disrupt the stability of the student loan marketplace by affecting the confidence of the markets in the lenders' returns on student loans. We note that lenders have made the same claim when other changes have been made in the program. [this stmt is certainly true but we should not say it unless we can cite specific examples -- OPE, BS and OPA do you have these?] Our experience has been that changes in the laws affecting lenders do not significantly affect borrowers' access to student loans. In fact, loan access has generally broadened over the last few years. We do not believe that providing a reduced interest rate to borrowers in the Direct Consolidation Loan Program, in accordance with the law, will have any significant impact on loan access.

The Administration remains committed to leveling the playing field between Direct Lending and the FFEL Program, and included the same reduction in the interest rate on FFEL Consolidation Loans in our HEA reauthorization proposal. We are hopeful that provisions will be included in the final HEA reauthorization bill to ensure that

Consolidation Loan borrowers in the FFEL Program receive the same reduced interest rate as borrowers consolidating in the Direct Loan Program.

Finally, we note that lenders in general and Sallie Mae in particular, have posted record profits over the last few years. Recent studies conducted by both the Congressional Budget Office and the Department of Treasury have concluded that student loan lenders earn "profits that are higher than normal". See CBO Study, "Using Auctions to Reduce the Cost of the Federal Family Education Loan Program", July 1998 at 4. Many lenders, including Sallie Mae, already provide an interest rate reduction of two full percentage points after four years for student loan borrowers with a consistent repayment record, and still are earning record profits?

Your letter requests a meeting to discuss the proposed reduction in interest rates. As you know the new interest rate formulas are now in effect and the interest rate calculations have been published in the Federal Register. Therefore, the focus of a meeting is not clear. However, we are willing to listen to your concerns and hope you will join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program. [Please contact _____________, to arrange a meeting.]

Sincerely,

____________________________ Reply Separator

____

Subject: Re: Letter to lenders
Author: Brian Siegel at WDCE01
Date: 7/10/98 11:49 AM

Attached is a revised version of the draft letter to lenders reflecting
comments
I received from Pauline. Those are the only comments I have received so
far. I
have also attached a comparerite version showing the changes from the
original
version I circulated yesterday afternoon.

Please let me know if you have any comments.

Brian

____________________________ Reply Separator

____

Subject: Letter to lenders
Author: Brian Siegel at WDCE01

Date: 7/9/98 1:30 PM

Attached is the draft response to the letter from the lending industry on the direct consolidation loan interest rate. Please note the following:

1. Their letter is unsigned by any individual so its a bit unclear who a response should be sent to. I leave it up to you to decide how you want it addressed.

2. Since the letter is not personally signed, I don't think the Secretary should sign the response. Organizational letters can easily be disclaimed as not reflecting any particular person's views and I don't think we should give their letter much credibility by having the Secretary sign the response.

3. In certain places the letter takes a "confrontational" tone. There was a lot of discussion among our office as to the appropriate tone. This draft is slightly confrontational. It can be made less so if you prefer.

4. I have built in some but not all of the talking points that were prepared. I recommend against mentioning that lenders can reduce their interest rates. It is not directly responsive and it suggests this is a competitive move whereas our view should be that we are acting consistent with regulatory intent and with the statute.

I am not sure who needs to review this so please circulate it to the appropriate persons. Please let me know if you have any comments. You can, of course, simply modify the document.

Brian

- interate.2 - interate.cmp=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D52]MAIL41631539D.126 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

=================== ATTACHMENT 2 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D52]MAIL41631539E.126 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 2 =================

Dear X:

This is in response to the letter, on Sallie Mae letterhead, dated July 7, 1998 and said to be from you and other organizations. That letter objects to the Department's action to conform the interest rate on Consolidation Loans made in the Federal Direct Student Loan Program with the interest rates on other student loans as set forth in the Transportation Equity Act for the 21st Century, Pub.L. 105-178 (TEA). .

We strongly disagree with the opinions expressed in your letter. The reduction in the Direct Consolidation Loan interest rate is consistent with the Higher Education Act, the Department's regulations and long standing policy as well as with the Administration's policy of helping families pay for college. The rate reduction is strongly supported by student groups and the higher education community because it will significantly benefit borrowers struggling to repay their student loans. For example, the average consolidation loan borrower with a debt of $19,000 will save close to $1,000 over the standard ten-year repayment period from the 0.8 percentage point reduction in interest rates.

You contend that the Department's implementation of reduced interest rates for Direct Consolidation Loans in accordance with the TEA violates the notice and comment requirements of the Administrative Procedure Act. In fact, however, the Department's regulations have consistently provided that the interest rate on Direct Consolidation Loans would be the same as the interest rates on new student loans made at the same time as the Consolidation Loans. This rule has been in place since the Department first issued rules governing the Direct Consolidation Loan program in July 1994 and is consistent with the Higher Education Act (HEA). A new rule is not required to implement this new interest rate.

Your letter also inaccurately states the history of interest rates in the Direct Consolidation Loan Program. Since the beginning of the program, the interest rate on these loans has been tied to the interest rate on new Direct Loans. Until last fall, this formula was different from the interest rate formula for Consolidation Loans under the Federal Family Education Loan (FFEL) Program, which was based on the weighted average of the loans being consolidated. The current interest rate formula for FFEL Program Consolidation Loans was enacted as part of the Emergency Student Loan Consolidation Act of 1997 and applies only until October 1, 1998. Under current law, after October 1, the interest rate on FFEL Program Consolidation Loans reverts to the weighted average of the loans being consolidated and would, in any case, be different from the interest rate on Direct Consolidation Loans.

Your argument regarding the impact on the Federal budget is also not supported by the facts. The lower interest rate on Direct Consolidation Loans is consistent with the budget baselines prepared by the Office of Management and Budget and the Congressional Budget Office. Therefore, the cost of the lower rate is already reflected in the budgets. Moreover, your estimate of the federal cost of this policy is not only wrong but seems to assume a 20,000%

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increase in the volume of Direct Consolidation Loans over the next three months due to the lower interest rate. This assumption is not supported by any reasonable analysis of likely demand.

You also indicate that the reduced Direct Consolidation Loan interest rate could disrupt the stability of the student loan marketplace by affecting the confidence of the markets in the lenders' returns on student loans. We note that lenders have made the same claim when other changes have been made in the program. Our experience has been that changes in the laws affecting lenders do not significantly affect borrowers' access to student loans. In fact, loan access has generally broadened over the last few years. We do not believe that providing a reduced interest rate to borrowers in the Direct Consolidation Loan Program, in accordance with the law, will have any significant impact on loan access.

The Administration remains committed to leveling the playing field between Direct Lending and the FFEL Program, and included the same reduction in the interest rate on FFEL Consolidation Loans in our HEA reauthorization proposal. We are hopeful that provisions will be included in the final HEA reauthorization bill to ensure that Consolidation Loan borrowers in the FFEL Program receive the same reduced interest rate as borrowers consolidating in the Direct Loan Program.

Finally, we note that lenders in general and Sallie Mae in particular, have posted record profits over the last few years. Recent studies conducted by both the Congressional Budget Office and the Department of Treasury have concluded that student loan lenders earn "profits that are higher than normal". See CBO Study, "Using Auctions to Reduce the Cost of the Federal Family Education Loan Program", July 1998 at 4. Many lenders, including Sallie Mae, already provide an interest rate reduction of two full percentage points after four years for student loan borrowers with a consistent repayment record.

Your letter requests a meeting to discuss the proposed reduction in interest rates. As you know the new interest rate formulas are now in effect and the interest rate calculations have been published in the Federal Register. Therefore, the focus of a meeting is not clear. However, we are willing to listen to your concerns and hope you will join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program. Please contact _______________, to arrange a meeting.

Sincerely,

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Dear X:

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~~You contend that the Department's implementation of reduced interest rates for Direct Consolidation Loans in accordance~~We strongly disagree with the ~~TEA violates the notice and comment requirements of the Administrative Procedure Act~~opinions expressed in your letter. The reduction in the Direct Consolidation Loan interest rate is consistent with the Higher Education Act, the Department's regulations and long standing policy as well as with the Administration's policy of helping families pay for college. The rate reduction is strongly supported by student groups and the higher education community because it will significantly benefit borrowers struggling to repay their student loans. For example, the average consolidation loan borrower with a debt of $19,000 will save close to $1,000 over the standard ten-year repayment period from the 0.8 percentage point reduction in interest rates.

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Your letter also inaccurately states the history of interest rates in the Direct Consolidation Loan Program. Since the beginning of the program, the interest rate on these loans has been tied to the interest rate on new Direct Loans. Until last fall, this formula was different from the interest rate formula for Consolidation Loans under the Federal Family Education Loan (FFEL) Program, which was based on the weighted average of the loans being consolidated. The current interest rate formula for ~~FFELP~~FFEL Program Consolidation Loans was enacted as part of the Emergency Student Loan Consolidation Act of 1997 and applies only until October 1, 1998. Under current law, after October 1, the interest rate on ~~FFELP~~FFEL Program Consolidation Loans reverts to the weighted average of the loans being consolidated and would, in any case, be different from the interest rate on Direct Consolidation Loans.

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The Administration remains committed to leveling the playing field between Direct Lending and the FFEL Program, and included the same reduction in the interest rate on FFEL Consolidation Loans in our HEA reauthorization proposal. We are hopeful that provisions will be included in the final HEA reauthorization bill to ensure that Consolidation Loan borrowers in the FFEL Program receive the same reduced interest rate as borrowers consolidating in the Direct Loan Program.

Finally, we note that lenders in general and Sallie Mae in particular, have posted record profits over the last few years. Recent studies conducted by both the Congressional Budget Office and the Department of Treasury have concluded that student loan lenders earn "profits that are higher than normal". See CBO Study, "Using Auctions to Reduce the Cost of the Federal Family Education Loan Program", July 1998 at 4. ~~We believe it is unlikely that the lower~~ Many lenders, including Sallie Mae, already provide an interest ~~rates in the Direct Consolidation Loan Program, resulting from the enactment~~rate reduction of ~~TEA, will significantly impact these profits~~two full percentage points after four years for student loan borrowers with a consistent repayment record.

Your letter requests a meeting to discuss the proposed reduction in interest rates. As you know the new interest rate formulas are now in effect and the interest rate calculations have been published in the Federal Register. Therefore, the focus of a meeting is not clear. However, we are willing to listen to your concerns and hope you will join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program. Please contact _______________, to arrange a meeting.

Sincerely,

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RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:13-JUL-1998 13:45:08.00

SUBJECT: Re[4]: Letter to lenders

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Brian_Siegel@ed.gov (Brian Siegel) (Brian_Siegel@ed.gov (Brian Siegel) [UNKNOWN])
READ:UNKNOWN

CC: Jill_Riemer@ed.gov (Jill Riemer) (Jill_Riemer@ed.gov (Jill Riemer) [UNKNOWN])
READ:UNKNOWN

CC: Phil_Link@ed.gov (Phil Link) (Phil_Link@ed.gov (Phil Link) [UNKNOWN])
READ:UNKNOWN

TEXT:
Thanks Bob. Your suggestions are good! See below (can you see
that I
am writing in a different color or does it all look the same?)

______________________________ Reply Separator
____
Subject: Re: Re[2]: Letter to lenders
Author: Robert_M._Shireman@opd.eop.gov at Internet
Date: 7/13/98 12:43 PM

I'm fine with not putting in the cites.

I suggest taking out the "said to be" in the first paragraph. (If you must
raise the fact that no one actually signed it, I would start with something
like, "Your organization was among a list of entities listed on a letter
regarding . . .") Good.

I think the profits paragraph detracts. Okay. But I would change your
suggested
sentence so we dont get in an argument with them about what is or is not
comparable. I would limit it to this:

> Finally, we note that many lenders already provide reduced interest
> rates on loans made prior to July 1. [provide an interest rate on
> loans made prior to July 1 that is comparable to the direct
> consolidation rate]. For example, Sallie Mae and others provide an
> interest rate reduction of two full percentage points after four years
> for student loan borrowers with a consistent repayment record. Terry
> suggested a sentence like: Lowering the interest rates for
> consolidaiton loans in both programs in the HEA will ensure that all

borrowers receive lower these interest rates.

And changes intended to avoid sounding like we don't want to meet: I think we are going to just omit this last paragraph since we may meet with SM tomorrow.

Your letter requests a meeting to discuss the proposed reduction in interest rates, a policy that is now in effect. If you are still interested in arranging a meeting, please contact ________ to arrange the details. In the meantime, I hope you will join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:13-JUL-1998 18:45:09.00

SUBJECT: W Post: Sallie Mae Profits Up

TO: Barry White (CN=Barry White/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: gruberj@mit.edu (gruberj@mit.edu [UNKNOWN])
READ:UNKNOWN

TEXT:
FYI In case you missed this.

The Washington Post
07/11/98;
Edition: FINAL;
Section: Financial;
Page D01

Sallie Mae's Parent Firm Posts 24
Pct. Profit Gain

SLM Holding Corp., parent of Sallie Mae, yesterday reported that earnings rose 24 percent in the second quarter, fueled by growth of its student loan portfolio as well as reductions in expenses.

For the quarter ended June 30, Reston-based SLM had net income of $144.2 million (84 cents a share), up from $116.5 million (63 cents) in the year-earlier period. The results beat analysts' earnings estimates by 5 cents. The news sent SLM's stock up $1.06 1/4 to close at $49.81 1/4 on the New York Stock Exchange.

For the six-month period, net income rose 22 percent, to $283.2 million ($1.64), from $232.7 million ($1.25).

The company's portfolio of managed student loans increased 7 percent, to $44.6 billion, from $41.5 billion in the year-earlier period.

SLM came into being last year when the company turned in its congressional charter and converted from a government-sponsored enterprise to a fully private company.

Through Sallie Mae and its other subsidiaries, SLM buys government-guaranteed student loans to supply capital to the nation's education markets. It holds some of these loans in its portfolio and coverts others into securities. As of June 30, its assets totaled $35.3 billion.

BB&T Corp. of Winston-Salem, N.C., yesterday reported second-quarter net income of $122 million (85 cents a share), up 20 percent from $101.9 million (71 cents) in the year-earlier period.

Officials of the bank attributed the results to continued strong performance in non-interest income and net interest income, as well as a lower loan loss provision made possible by improved overall asset quality.

For the six-month period, BB&T had net income of $235.8 million ($1.63), up 17 percent from $201.9 million ($1.40) a year ago. The 1998 figure included a $6 million after-tax charge related to the acquisition of Life Bancorp Inc. of Norfolk.

As of June 30, the bank had total assets of $31.5 billion, up 9 percent from $29 billion. Deposits rose 1.4 percent, to $21.1 billion, from $20.8 billion. Loans increased 11 percent, to $22 billion, from $19.8 billion.

Earlier this month, BB&T acquired Washington-based Franklin Bancorp Inc., marking its first entry into the Washington market. In February, it agreed to buy Maryland Federal Bancorp Inc. of Hyattsville.

SLM EARNINGS

(This graphic was not available)

ART ig,,twp

###

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:13-JUL-1998 12:03:27.00

SUBJECT: Re[2]: Letter to lenders

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Bob, Brian didnt want to quote from the regs in the letter because
he
doesn't want to give them our arguments so that they can find arguments
against
us. He was concerned we would end up with a series of disputing letters
arguing
legal points which end up being used in court. I'm inclined not to push.
I
think the hill and press are persuaded that we acted in accordance with
the law
and that the lenders are crying wolf.

I will forward you a separate email with the cites for your reference but
you
should be aware of his thinking on them.

______________________________ Forward Header
____

Subject: Re[2]: Letter to lenders
Author: Pauline Abernathy at WDCB01
Date: 7/13/98 11:00 AM

I think it is a good letter. I now have only very small comments below. If
there is a mtg with SM tomorrow, then we may need to have this cleared by
the
end of the day today. We also need to decide who should sign the letter.

Pls see comments below.

Dear X:

This is in response to the letter, on Sallie Mae letterhead, dated
July 7, 1998 and said to be from you and other organizations. That
letter objects to the Department's action to conform the interest rate
on Consolidation Loans made in the Federal Direct Student Loan Program
with the interest rates on other student loans as set forth in the
Transportation Equity Act for the 21st Century, Pub.L. 105-178 (TEA).
Pls check how people refer to the law -- I have heard "TEA21".

We strongly disagree with the opinions expressed in your letter. The reduction in the Direct Consolidation Loan interest rate is consistent with the Higher Education Act, the Department's regulations and long standing policy as well as with the Administration's policy of helping families pay for college. The rate reduction is strongly supported by student groups and the higher education community because it will significantly benefit borrowers struggling to repay their student loans. For example, the average consolidation loan borrower with a debt of $19,000 will save close to $1,000 over the standard ten-year repayment period from the 0.8 percentage point reduction in interest rates.

You contend that the Department's implementation of reduced interest rates for Direct Consolidation Loans in accordance with the? TEA [check acronym] violates the notice and comment requirements of the Administrative Procedure Act. In fact, however, the Department's regulations have consistently provided that the interest rate on Direct Consolidation Loans would be the same as the interest rates on new student loans made at the same time as the Consolidation Loans. This rule has been in place since the Department first issued rules governing the Direct Consolidation Loan program in July 1994 and is consistent with the Higher Education Act (HEA). A new rule is not required to implement this new interest rate.

Your letter also inaccurately states the history of interest rates in the Direct Consolidation Loan Program. Since the beginning of the program, the interest rate on these loans has been tied to the interest rate on new Direct Loans. Until last fall, this formula was different from the interest rate formula for Consolidation Loans under the Federal Family Education Loan (FFEL) Program, which was based on the weighted average of the loans being consolidated. The current interest rate formula for FFEL Program Consolidation Loans was enacted [do we need to say the name or can we just say "in ___, 1997 " as part of the Emergency Student Loan Consolidation Act of 1997] and applies only until October 1, 1998. Under current law, after October 1, the maximum interest rate on FFEL Program Consolidation Loans reverts to the weighted average of the loans being consolidated and would, in any case, be different from the interest rate on Direct Consolidation Loans.

Your argument regarding the impact on the Federal budget is also not supported by the facts. The lower interest rate on Direct Consolidation Loans is consistent with the budget baselines prepared by the Office of Management and Budget and the Congressional Budget Office. Therefore, the cost of the lower rate is already reflected in the budgets. Moreover, your estimate of the federal cost of this policy is not only wrong but seems to assume a 20,000% increase in the volume of Direct Consolidation Loans over the next three months due to the lower interest rate. [omit? This assumption is not supported by any reasonable analysis of likely demand.]

You also indicate that the reduced Direct Consolidation Loan interest rate could disrupt the stability of the student loan marketplace by affecting the confidence of the markets in the lenders' returns on student loans. We note that lenders have made the same claim when other changes have been made in the program. [this stmt is certainly true but we should not say it unless we can cite specific examples -- OPE, BS and OPA do you have these?] Our experience has been that changes in the laws affecting lenders do not significantly affect borrowers' access to student loans. In fact, loan access has generally broadened over the last few years. We do not believe that providing a reduced interest rate to borrowers in the Direct Consolidation Loan Program, in accordance with the law, will have any significant impact on loan access.

The Administration remains committed to leveling the playing field between Direct Lending and the FFEL Program, and included the same reduction in the interest rate on FFEL Consolidation Loans in our HEA reauthorization proposal. We are hopeful that provisions will be included in the final HEA reauthorization bill to ensure that Consolidation Loan borrowers in the FFEL Program receive the same reduced interest rate as borrowers consolidating in the Direct Loan Program.

Finally, we note that lenders in general and Sallie Mae in particular, have posted record profits over the last few years. Recent studies conducted by both the Congressional Budget Office and the Department of Treasury have concluded that student loan lenders earn "profits that are higher than normal". See CBO Study, "Using Auctions to Reduce the Cost of the Federal Family Education Loan Program", July 1998 at 4. Many lenders, including Sallie Mae, already provide an interest rate reduction of two full percentage points after four years for student loan borrowers with a consistent repayment record, and still are earning record profits?

Your letter requests a meeting to discuss the proposed reduction in interest rates. As you know the new interest rate formulas are now in effect and the interest rate calculations have been published in the Federal Register. Therefore, the focus of a meeting is not clear. However, we are willing to listen to your concerns and hope you will join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program. [Please contact ______________, to arrange a meeting.]

Sincerely,

______________________________ Reply Separator

Subject: Re: Letter to lenders
Author: Brian Siegel at WDCE01
Date: 7/10/98 11:49 AM

Attached is a revised version of the draft letter to lenders reflecting
comments
I received from Pauline. Those are the only comments I have received so
far. I
have also attached a comparerite version showing the changes from the
original
version I circulated yesterday afternoon.

Please let me know if you have any comments.

Brian

______________________________ Reply Separator
____

Subject: Letter to lenders
Author: Brian Siegel at WDCE01
Date: 7/9/98 1:30 PM

Attached is the draft response to the letter from the lending industry on the direct consolidation loan interest rate. Please note the following:

1. Their letter is unsigned by any individual so its a bit unclear who a response should be sent to. I leave it up to you to decide how you want it addressed.

2. Since the letter is not personnally signed, I don't think the Secretary should sign the response. Organizational letters can easily be disclaimed as not reflecting any particular person's views and I don't think we should give their letter much credibility by having the Secretary sign the response.

3. In certain places the letter takes a "confrontational" tone. There was a lot of discussion among our office as to the appropriate tone. This draft is slightly confrontational. It can be made less so if you prefer.

4. I have built in some but not all of the talking points that were prepared. I recommend against mentioning that lenders can reduce their interest rates. It is not directly responsive and it suggests this is a competitive move whereas our view should be that we are acting consistent with regulatory intent and with the statute.

I am not sure who needs to review this so please circulate it to the appropriate persons. Please let me know if you have any comments. You can, of course, simply modify the document.

Brian

- interate.2 - interate.cmp=================== ATTACHMENT 1 ===================

ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D46]MAIL47431539Y.126 to ASCII,
The following is a HEX DUMP:

================== END ATTACHMENT 1 ==================

==================== ATTACHMENT 2 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D46]MAIL48431539Z.126 to ASCII,
The following is a HEX DUMP:

================== END ATTACHMENT 2 ==================

Dear X:

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Your argument regarding the impact on the Federal budget is also not supported by the

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facts. The lower interest rate on Direct Consolidation Loans is consistent with the budget baselines prepared by the Office of Management and Budget and the Congressional Budget Office. Therefore, the cost of the lower rate is already reflected in the budgets. Moreover, your estimate of the federal cost of this policy is not only wrong but seems to assume a 20,000% increase in the volume of Direct Consolidation Loans over the next three months due to the lower interest rate. This assumption is not supported by any reasonable analysis of likely demand.

You also indicate that the reduced Direct Consolidation Loan interest rate could disrupt the stability of the student loan marketplace by affecting the confidence of the markets in the lenders' returns on student loans. We note that lenders have made the same claim when other changes have been made in the program. Our experience has been that changes in the laws affecting lenders do not significantly affect borrowers' access to student loans. In fact, loan access has generally broadened over the last few years. We do not believe that providing a reduced interest rate to borrowers in the Direct Consolidation Loan Program, in accordance with the law, will have any significant impact on loan access.

The Administration remains committed to leveling the playing field between Direct Lending and the FFEL Program, and included the same reduction in the interest rate on FFEL Consolidation Loans in our HEA reauthorization proposal. We are hopeful that provisions will be included in the final HEA reauthorization bill to ensure that Consolidation Loan borrowers in the FFEL Program receive the same reduced interest rate as borrowers consolidating in the Direct Loan Program.

Finally, we note that lenders in general and Sallie Mae in particular, have posted record profits over the last few years. Recent studies conducted by both the Congressional Budget Office and the Department of Treasury have concluded that student loan lenders earn "profits that are higher than normal". See CBO Study, "Using Auctions to Reduce the Cost of the Federal Family Education Loan Program", July 1998 at 4. ~~We believe it is unlikely that the lower~~ Many lenders, including Sallie Mae, already provide an interest ~~rates in the Direct Consolidation Loan Program, resulting from the enactment~~rate reduction of ~~TEA, will significantly impact these profits~~two full percentage points after four years for student loan borrowers with a consistent repayment record.

Your letter requests a meeting to discuss the proposed reduction in interest rates. As you know the new interest rate formulas are now in effect and the interest rate calculations have been published in the Federal Register. Therefore, the focus of a meeting is not clear. However, we are willing to listen to your concerns and hope you will join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program. Please contact _______________, to arrange a meeting.

Sincerely,

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Hex-Dump Conversion

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jill_Riemer@ed.gov (Jill Riemer) (Jill_Riemer@ed.gov (Jill Riemer) [UNKNOWN])

CREATION DATE/TIME:13-JUL-1998 13:33:11.00

SUBJECT: Re[4]: Letter to lenders

TO: Brian_Siegel@ed.gov (Brian Siegel) (Brian_Siegel@ed.gov (Brian Siegel) [UNKNOWN])
READ:UNKNOWN

TO: Mike_Smith@ed.gov (Mike Smith) (Mike_Smith@ed.gov (Mike Smith) [UNKNOWN])
READ:UNKNOWN

TO: Phil_Link@ed.gov (Phil Link) (Phil_Link@ed.gov (Phil Link) [UNKNOWN])
READ:UNKNOWN

TO: Terry_Peterson@ed.gov (Terry Peterson) (Terry_Peterson@ed.gov (Terry Peterson) [UNKNOWN])
READ:UNKNOWN

TO: Daniel_Bernal@ed.gov (Daniel Bernal) (Daniel_Bernal@ed.gov (Daniel Bernal) [UNKNOWN])
READ:UNKNOWN

TO: Shelley_Amdur@ed.gov (Shelley Amdur) (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Diane_Rogers@ed.gov (Diane Rogers) (Diane_Rogers@ed.gov (Diane Rogers) [UNKNOWN])
READ:UNKNOWN

TO: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

TO: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TO: stack_k@a1.eop.gov (stack_k@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

TO: Jean_Veta@ed.gov (Jean Veta) (Jean_Veta@ed.gov (Jean Veta) [UNKNOWN])
READ:UNKNOWN

TO: William_Graham@ed.gov (William Graham) (William_Graham@ed.gov (William Graham) [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal@ed.gov (James Kvaal) (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])
READ:UNKNOWN

TO: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TO: Maureen_McLaughlin@ed.gov (Maureen McLaughlin) (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

CC: Larry_Oxendine@ed.gov (Larry Oxendine) (Larry_Oxendine@ed.gov (Larry Oxendine) [UNKNOWN])
READ:UNKNOWN

CC: Jack_Kristy@ed.gov (Jack Kristy) (Jack_Kristy@ed.gov (Jack Kristy) [UNKNOWN])
READ:UNKNOWN

CC: Harold_Jenkins@ed.gov (Harold Jenkins) (Harold_Jenkins@ed.gov (Harold Jenkins) [UNKNOWN])
READ:UNKNOWN

CC: Claudia_Withers@ed.gov (Claudia Withers) (Claudia_Withers@ed.gov (Claudia Withers) [UNKNOWN])
READ:UNKNOWN

TEXT:

I have provided Phil and Pauline with the few changes that Terry and I would like to add into the mix. The determination as to who will sign will be made momentarily. We will get back to Pauline right away, since it needs to go ASAP. --Jill

______________________________ Reply Separator ______________________________

Subject: Re[3]: Letter to lenders
Author: Brian Siegel at WDCE01
Date: 7/13/98 12:29 PM

Attached is the revised letter to lenders reflecting the comments I received from Pauline and Mike Smith (through Pauline). Also attached is a comparerite version showing the changes from the last version I circulated. The issue of who the letter will be addressed to and who will sign is being determined. I understand that the letter needs to be sent out today. Any last minute technical changes should be sent to Pauline and Phil Link (as well as me) so that they can be made at the last minute if need be.

Brian Siegel

______________________________ Reply Separator ______________________________

Subject: Re[2]: Letter to lenders
Author: Pauline Abernathy at WDCB01
Date: 7/13/98 11:00 AM

I think it is a good letter. I now have only very small comments below. If there is a mtg with SM tomorrow, then we may need to have this cleared by the
end of the day today. We also need to decide who should sign the letter.

Pls see comments below.

Dear X:

This is in response to the letter, on Sallie Mae letterhead, dated July 7, 1998 and said to be from you and other organizations. That letter objects to the Department's action to conform the interest rate on Consolidation Loans made in the Federal Direct Student Loan Program with the interest rates on other student loans as set forth in the Transportation Equity Act for the 21st Century, Pub.L. 105-178 (TEA). Pls check how people refer to the law -- I have heard "TEA21".

We strongly disagree with the opinions expressed in your letter. The reduction in the Direct Consolidation Loan interest rate is consistent with the Higher Education Act, the Department's regulations and long standing policy as well as with the Administration's policy of
helping families pay for college. The rate reduction is strongly supported by student groups and the higher education community because it will significantly benefit borrowers struggling to repay their student loans. For example, the average consolidation loan borrower with a debt of $19,000 will save close to $1,000 over the standard ten-year repayment period from the 0.8 percentage point reduction in interest rates.

You contend that the Department's implementation of reduced interest rates for Direct Consolidation Loans in accordance with the? TEA [check acronym] violates the notice and comment requirements of the Administrative Procedure Act. In fact, however, the Department's regulations have consistently provided that the interest rate on Direct Consolidation Loans would be the same as the interest rates on new student loans made at the same time as the Consolidation Loans. This rule has been in place since the Department first issued rules governing the Direct Consolidation Loan program in July 1994 and is consistent with the Higher Education Act (HEA). A new rule is not required to implement this new interest rate.

Your letter also inaccurately states the history of interest rates in the Direct Consolidation Loan Program. Since the beginning of the program, the interest rate on these loans has been tied to the interest rate on new Direct Loans. Until last fall, this formula was different from the interest rate formula for Consolidation Loans under the Federal Family Education Loan (FFEL) Program, which was based on the weighted average of the loans being consolidated. The current interest rate formula for FFEL Program Consolidation Loans was enacted [do we need to say the name or can we just say "in ___, 1997 " as part of the Emergency Student Loan Consolidation Act of 1997] and applies only until October 1, 1998. Under current law, after October 1, the maximum interest rate on FFEL Program Consolidation Loans reverts to the weighted average of the loans being consolidated and would, in any case, be different from the interest rate on Direct Consolidation Loans.

Your argument regarding the impact on the Federal budget is also not supported by the facts. The lower interest rate on Direct Consolidation Loans is consistent with the budget baselines prepared by the Office of Management and Budget and the Congressional Budget Office. Therefore, the cost of the lower rate is already reflected in the budgets. Moreover, your estimate of the federal cost of this policy is not only wrong but seems to assume a 20,000% increase in the volume of Direct Consolidation Loans over the next three months due to the lower interest rate. [omit? This assumption is not supported by any reasonable analysis of likely demand.]

You also indicate that the reduced Direct Consolidation Loan interest rate could disrupt the stability of the student loan marketplace by affecting the confidence of the markets in the lenders' returns on student loans. We note that lenders have made the same claim when other changes have been made in the program. [this stmt is certainly true but we should not say it unless we can cite specific examples -- OPE, BS and OPA do you have these?] Our experience has been that changes in the laws affecting lenders do not significantly affect borrowers' access to student loans. In fact, loan access has generally broadened over the last few years. We do not believe that providing a reduced interest rate to borrowers in the Direct Consolidation Loan Program, in accordance with the law, will have any significant impact on loan access.

The Administration remains committed to leveling the playing field between Direct Lending and the FFEL Program, and included the same reduction in the interest rate on FFEL Consolidation Loans in our HEA reauthorization proposal. We are hopeful that provisions will be included in the final HEA reauthorization bill to ensure that Consolidation Loan borrowers in the FFEL Program receive the same reduced interest rate as borrowers consolidating in the Direct Loan Program.

Finally, we note that lenders in general and Sallie Mae in particular, have posted record profits over the last few years. Recent studies conducted by both the Congressional Budget Office and the Department of Treasury have concluded that student loan lenders earn "profits that are higher than normal". See CBO Study, "Using Auctions to Reduce the Cost of the Federal Family Education Loan Program", July 1998 at 4. Many lenders, including Sallie Mae, already provide an interest rate reduction of two full percentage points after four years for student loan borrowers with a consistent repayment record, and still are earning record profits?

Your letter requests a meeting to discuss the proposed reduction in interest rates. As you know the new interest rate formulas are now in effect and the interest rate calculations have been published in the Federal Register. Therefore, the focus of a meeting is not clear. However, we are willing to listen to your concerns and hope you will join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program. [Please contact _____________, to arrange a meeting.]

Sincerely,

_____________________________ Reply Separator
____

Subject: Re: Letter to lenders
Author: Brian Siegel at WDCE01
Date: 7/10/98 11:49 AM

Attached is a revised version of the draft letter to lenders reflecting
comments
I received from Pauline. Those are the only comments I have received so
far. I
have also attached a comparerite version showing the changes from the
original
version I circulated yesterday afternoon.

Please let me know if you have any comments.

Brian

_____________________________ Reply Separator
____

Subject: Letter to lenders
Author: Brian Siegel at WDCE01
Date: 7/9/98 1:30 PM

Attached is the draft response to the letter from the lending industry on the direct consolidation loan interest rate. Please note the following:

1. Their letter is unsigned by any individual so its a bit unclear who a response should be sent to. I leave it up to you to decide how you want it addressed.

2. Since the letter is not personnally signed, I don't think the Secretary should sign the response. Organizational letters can easily be disclaimed as not reflecting any particular person's views and I don't think we should give their letter much credibility by having the Secretary sign the response.

3. In certain places the letter takes a "confrontational" tone. There was a lot of discussion among our office as to the appropriate

tone. This draft is slightly confrontational. It can be made less so if you prefer.

4. I have built in some but not all of the talking points that were prepared. I recommend against mentioning that lenders can reduce their interest rates. It is not directly responsive and it suggests this is a competitive move whereas our view should be that we are acting consistent with regulatory intent and with the statute.

I am not sure who needs to review this so please circulate it to the appropriate persons. Please let me know if you have any comments. You can, of course, simply modify the document.

Brian

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:13-JUL-1998 12:43:54.00

SUBJECT: Re: Re[2]: Letter to lenders

TO: Pauline_Abernathy (Pauline_Abernathy @ ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TEXT:
I'm fine with not putting in the cites.

I suggest taking out the "said to be" in the first paragraph. (If you must raise the fact that no one actually signed it, I would start with something like, "Your organization was among a list of entities listed on a letter regarding . . .")

I think the profits paragraph detracts. I would limit it to this:

Finally, we note that many lenders provide an interest rate on loans made prior
to July 1 that is comparable to the direct consolidation rate. For example, Sallie Mae
and others
provide an interest rate reduction of two full percentage points after four years for student loan borrowers with a consistent repayment record.

And changes intended to avoid sounding like we don't want to meet:

Your letter requests a meeting to discuss the proposed reduction in interest rates, a policy that is now in effect. If you are still interested in
arranging a meeting, please contact ________ to arrange the details. In the meantime, I hope you will
join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Brian_Siegel@ed.gov (Brian Siegel) (Brian_Siegel@ed.gov (Brian Siegel) [UNKNOWN])

CREATION DATE/TIME:13-JUL-1998 13:45:06.00

SUBJECT: Re[3]: Letter to lenders

TO: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TO: stack_k@a1.eop.gov (stack_k@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

TO: Jean_Veta@ed.gov (Jean Veta) (Jean_Veta@ed.gov (Jean Veta) [UNKNOWN])
READ:UNKNOWN

TO: Terry_Peterson@ed.gov (Terry Peterson) (Terry_Peterson@ed.gov (Terry Peterson) [UNKNOWN])
READ:UNKNOWN

TO: Daniel_Bernal@ed.gov (Daniel Bernal) (Daniel_Bernal@ed.gov (Daniel Bernal) [UNKNOWN])
READ:UNKNOWN

TO: Shelley_Amdur@ed.gov (Shelley Amdur) (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Diane_Rogers@ed.gov (Diane Rogers) (Diane_Rogers@ed.gov (Diane Rogers) [UNKNOWN])
READ:UNKNOWN

TO: Don_Feuerstein@ed.gov (Don Feuerstein) (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

TO: Mike_Smith@ed.gov (Mike Smith) (Mike_Smith@ed.gov (Mike Smith) [UNKNOWN])
READ:UNKNOWN

TO: Phil_Link@ed.gov (Phil Link) (Phil_Link@ed.gov (Phil Link) [UNKNOWN])
READ:UNKNOWN

TO: Jill_Riemer@ed.gov (Jill Riemer) (Jill_Riemer@ed.gov (Jill Riemer) [UNKNOWN])
READ:UNKNOWN

TO: William_Graham@ed.gov (William Graham) (William_Graham@ed.gov (William Graham) [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg@ed.gov (Jon Oberg) (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal@ed.gov (James Kvaal) (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])
READ:UNKNOWN

TO: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TO: Maureen_McLaughlin@ed.gov (Maureen McLaughlin) (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

CC: Larry_Oxendine@ed.gov (Larry Oxendine) (Larry_Oxendine@ed.gov (Larry Oxendine) [UNKNOWN])
READ:UNKNOWN

CC: Jack_Kristy@ed.gov (Jack Kristy) (Jack_Kristy@ed.gov (Jack Kristy) [UNKNOWN])
READ:UNKNOWN

CC: Harold_Jenkins@ed.gov (Harold Jenkins) (Harold_Jenkins@ed.gov (Harold Jenkins) [UNKNOWN])
READ:UNKNOWN

CC: Claudia_Withers@ed.gov (Claudia Withers) (Claudia_Withers@ed.gov (Claudia Withers) [UNKNOWN])
READ:UNKNOWN

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Brian Siegel

______________________________ Reply Separator
____

Subject: Re[2]: Letter to lenders
Author: Pauline Abernathy at WDCB01
Date: 7/13/98 11:00 AM

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end of the day today. We also need to decide who should sign the letter.

Pls see comments below.

Dear X:

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We strongly disagree with the opinions expressed in your letter. The reduction in the Direct Consolidation Loan interest rate is consistent with the Higher Education Act, the Department's regulations and long standing policy as well as with the Administration's policy of helping families pay for college. The rate reduction is strongly supported by student groups and the higher education community because it will significantly benefit borrowers struggling to repay their student loans. For example, the average consolidation loan borrower with a debt of $19,000 will save close to $1,000 over the standard ten-year repayment period from the 0.8 percentage point reduction in interest rates.

You contend that the Department's implementation of reduced interest rates for Direct Consolidation Loans in accordance with the? TEA [check acronym] violates the notice and comment requirements of the Administrative Procedure Act. In fact, however, the Department's regulations have consistently provided that the interest rate on Direct Consolidation Loans would be the same as the interest rates on new student loans made at the same time as the Consolidation Loans. This rule has been in place since the Department first issued rules governing the Direct Consolidation Loan program in July 1994 and is consistent with the Higher Education Act (HEA). A new rule is not required to implement this new interest rate.

Your letter also inaccurately states the history of interest rates in the Direct Consolidation Loan Program. Since the beginning of the program, the interest rate on these loans has been tied to the interest rate on new Direct Loans. Until last fall, this formula was different from the interest rate formula for Consolidation Loans under the Federal Family Education Loan (FFEL) Program, which was based on the weighted average of the loans being consolidated. The current interest rate formula for FFEL Program Consolidation Loans was enacted [do we need to say the name or can we just say "in ___, 1997 " as part of the Emergency Student Loan Consolidation Act of 1997] and applies only until October 1, 1998. Under current law, after October 1, the maximum interest rate on FFEL Program Consolidation Loans reverts to the weighted average of the loans being consolidated and would, in any case, be different from the interest rate on Direct Consolidation Loans.

Your argument regarding the impact on the Federal budget is also not supported by the facts. The lower interest rate on Direct Consolidation Loans is consistent with the budget baselines prepared by the Office of Management and Budget and the Congressional Budget Office. Therefore, the cost of the lower rate is already reflected in the budgets. Moreover, your estimate of the federal cost of this policy is not only wrong but seems to assume a 20,000% increase in the volume of Direct Consolidation Loans over the next three months due to the lower interest rate. [omit? This assumption is not supported by any reasonable analysis of likely demand.]

You also indicate that the reduced Direct Consolidation Loan interest rate could disrupt the stability of the student loan marketplace by affecting the confidence of the markets in the lenders' returns on student loans. We note that lenders have made the same claim when other changes have been made in the program. [this stmt is certainly true but we should not say it unless we can cite specific examples -- OPE, BS and OPA do you have these?] Our experience has been that changes in the laws affecting lenders do not significantly affect borrowers' access to student loans. In fact, loan access has generally broadened over the last few years. We do not believe that providing a reduced interest rate to borrowers in the Direct Consolidation Loan Program, in accordance with the law, will have any significant impact on loan access.

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Finally, we note that lenders in general and Sallie Mae in particular, have posted record profits over the last few years. Recent studies conducted by both the Congressional Budget Office and the Department of Treasury have concluded that student loan lenders earn "profits that are higher than normal". See CBO Study, "Using Auctions to Reduce the Cost of the Federal Family Education Loan Program", July 1998 at 4. Many lenders, including Sallie Mae, already provide an interest rate reduction of two full percentage points after four years for student loan borrowers with a consistent repayment record, and still are earning record profits?

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Sincerely,

______________________________ Reply Separator

Subject: Re: Letter to lenders

Author: Brian Siegel at WDCE01
Date: 7/10/98 11:49 AM

Attached is a revised version of the draft letter to lenders reflecting
comments
I received from Pauline. Those are the only comments I have received so
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Please let me know if you have any comments.

Brian

______________________________ Reply Separator
____

Subject: Letter to lenders
Author: Brian Siegel at WDCE01
Date: 7/9/98 1:30 PM

Attached is the draft response to the letter from the lending industry on the direct consolidation loan interest rate. Please note the following:

1. Their letter is unsigned by any individual so its a bit unclear who a response should be sent to. I leave it up to you to decide how you want it addressed.

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I am not sure who needs to review this so please circulate it to the appropriate persons. Please let me know if you have any comments. You can, of course, simply modify the document.

Brian

- interate.3 - interate.cmp==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D52]MAIL48810739E.126 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

==================== ATTACHMENT 2 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D52]MAIL49810739F.126 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 2 =================

Dear X:

This is in response to the letter, on Sallie Mae letterhead, dated July 7, 1998 and said to be from you and other organizations. That letter objects to the Department's action to conform the interest rate on Consolidation Loans made in the Federal Direct Student Loan Program with the interest rates on other student loans as set forth in the Transportation Equity Act for the 21st Century, Pub.L. 105-178 (TEA). .

We strongly disagree with the opinions expressed in your letter. The reduction in the Direct Consolidation Loan interest rate is consistent with the Higher Education Act (HEA), the Department's regulations, and long standing policy as well as with the Administration's policy of helping families pay for college. The rate reduction is strongly supported by student groups and the higher education community because it will significantly benefit borrowers struggling to repay their student loans. For example, the average consolidation loan borrower with a debt of $19,000 will save close to $1,000 over the standard ten-year repayment period from the 0.8 percentage point reduction in interest rates.

You contend that the Department's implementation of reduced interest rates for Direct Consolidation Loans after enactment of the TEA violates the notice and comment requirements of the Administrative Procedure Act. In fact, however, the Department's regulations have consistently provided that the interest rate on Direct Consolidation Loans would be the same as the interest rates on new student loans made at the same time as the Consolidation Loans. This rule has been in place since the Department first issued rules governing the Direct Consolidation Loan program in July 1994 and is consistent with the HEA. A new rule is not required to implement this new interest rate.

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Your argument regarding the impact on the Federal budget also is not supported by the facts. The lower interest rate on Direct Consolidation Loans is consistent with the budget baselines prepared by the Office of Management and Budget and the Congressional Budget

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Office. Therefore, the cost of the lower rate is already reflected in the budgets. Moreover, your estimate of the federal cost of this policy is not only wrong but seems to assume an unreasonable 20,000% increase in the volume of Direct Consolidation Loans over the next three months due to the lower interest rate.

You also indicate that the reduced Direct Consolidation Loan interest rate could disrupt the stability of the student loan marketplace by affecting the confidence of the markets in the lenders' returns on student loans. Our experience has been that changes in the laws affecting lenders do not significantly affect borrowers' access to student loans. In fact, loan access has generally broadened over the last few years. We do not believe that providing a reduced interest rate to borrowers in the Direct Consolidation Loan Program, in accordance with the law, will have any significant impact on loan access.

The Administration remains committed to leveling the playing field between Direct Lending and the FFEL Program, and took a step in this direction by including the same reduction in the interest rate on FFEL Consolidation Loans in our HEA reauthorization proposal. We are hopeful that provisions will be included in the final HEA reauthorization bill to ensure that Consolidation Loan borrowers in the FFEL Program receive the same reduced interest rate as borrowers consolidating in the Direct Loan Program.

Finally, we note that lenders in general and Sallie Mae in particular, have posted record profits over the last few years. Recent studies conducted by both the Congressional Budget Office and the Department of Treasury have concluded that "the FFEL Program costs taxpayers more than is necessary to achieve the policy objective of ensuring that all eligible students have access to private credit on affordable terms to finance their education." CBO has also concluded that the current uniform interest rate formula for FFELP loans results in "above-normal profits" for student loan lenders. See CBO Study, "Using Auctions to Reduce the Cost of the Federal Family Education Loan Program", July 1998 at 4-5.

Your letter requests a meeting to discuss the proposed reduction in interest rates. As you know the new interest rate formulas are now in effect and the interest rate calculations have been published in the Federal Register. Therefore, the focus of a meeting is not clear. However, we are willing to listen to your concerns and hope you will join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program.

Sincerely,

Automated Records Management System
Hex-Dump Conversion

Dear X:

This is in response to the letter, on Sallie Mae letterhead, dated July 7, 1998 and said to be from you and other organizations. That letter objects to the Department's action to conform the interest rate on Consolidation Loans made in the Federal Direct Student Loan Program with the interest rates on other student loans as set forth in the Transportation Equity Act for the 21st Century, Pub.L. 105-178 (TEA). .

We strongly disagree with the opinions expressed in your letter. The reduction in the Direct Consolidation Loan interest rate is consistent with the Higher Education Act (HEA), the Department's regulations, and long standing policy as well as with the Administration's policy of helping families pay for college. The rate reduction is strongly supported by student groups and the higher education community because it will significantly benefit borrowers struggling to repay their student loans. For example, the average consolidation loan borrower with a debt of $19,000 will save close to $1,000 over the standard ten-year repayment period from the 0.8 percentage point reduction in interest rates.

You contend that the Department's implementation of reduced interest rates for Direct Consolidation Loans ~~in accordance with~~after enactment of the TEA violates the notice and comment requirements of the Administrative Procedure Act. In fact, however, the Department's regulations have consistently provided that the interest rate on Direct Consolidation Loans would be the same as the interest rates on new student loans made at the same time as the Consolidation Loans. This rule has been in place since the Department first issued rules governing the Direct Consolidation Loan program in July 1994 and is consistent with the ~~Higher Education Act (~~HEA~~)~~. A new rule is not required to implement this new interest rate.

Your letter also inaccurately states the history of interest rates in the Direct Consolidation Loan Program. Since the beginning of the program, the interest rate on ~~these loans~~Direct Consolidation Loans has been tied to the interest rate on new Direct Loans. Until last fall, this formula was different from the interest rate formula for Consolidation Loans under the Federal Family Education Loan (FFEL) Program, which was based on the weighted average of the loans being consolidated. The current interest rate formula for FFEL Program Consolidation Loans was enacted ~~as part of the Emergency Student Loan Consolidation Act of~~in November 1997 and applies only until October 1, 1998. Under current law, after ~~October 1~~September 30, ~~the~~ the maximum interest rate on FFEL Program Consolidation Loans reverts to the weighted average of the loans being consolidated and would, in any case, be different from the interest rate on Direct Consolidation Loans.

~~Your argument regarding the impact on the Federal budget is also not supported by the facts.~~ In fact, many lenders, including Sallie Mae, already provide an interest rate reduction of two full percentage points after four years for student loan borrowers with a consistent repayment record.

Automated Records Management System
Hex-Dump Conversion

Your argument regarding the impact on the Federal budget also is not supported by the facts. The lower interest rate on Direct Consolidation Loans is consistent with the budget baselines prepared by the Office of Management and Budget and the Congressional Budget Office. Therefore, the cost of the lower rate is already reflected in the budgets. Moreover, your estimate of the federal cost of this policy is not only wrong but seems to assume ~~a~~an unreasonable 20,000% increase in the volume of Direct Consolidation Loans over the next three months due to the lower interest rate. ~~This assumption is not supported by any reasonable analysis of likely demand.~~

You also indicate that the reduced Direct Consolidation Loan interest rate could disrupt the stability of the student loan marketplace by affecting the confidence of the markets in the lenders' returns on student loans. ~~We note that lenders have made the same claim when other changes have been made in the program.~~ —Our experience has been that changes in the laws affecting lenders do not significantly affect borrowers' access to student loans. In fact, loan access has generally broadened over the last few years. We do not believe that providing a reduced interest rate to borrowers in the Direct Consolidation Loan Program, in accordance with the law, will have any significant impact on loan access.

The Administration remains committed to leveling the playing field between Direct Lending and the FFEL Program, and ~~included~~took a step in this direction by including the same reduction in the interest rate on FFEL Consolidation Loans in our HEA reauthorization proposal. We are hopeful that provisions will be included in the final HEA reauthorization bill to ensure that Consolidation Loan borrowers in the FFEL Program receive the same reduced interest rate as borrowers consolidating in the Direct Loan Program.

Finally, we note that lenders in general and Sallie Mae in particular, have posted record profits over the last few years. Recent studies conducted by both the Congressional Budget Office and the Department of Treasury have concluded that ~~student loan lenders earn "profits that are higher~~"the FFEL Program costs taxpayers more than ~~normal"~~is necessary to achieve the policy objective of ensuring that all eligible students have access to private credit on affordable terms to finance their education." CBO has also concluded that the current uniform interest rate formula for FFEL Program loans results in "above-normal profits" for student loan lenders. See CBO Study, "Using Auctions to Reduce the Cost of the Federal Family Education Loan Program", July 1998 at 4~~4~~-5. ~~Many lenders, including Sallie Mae, already provide an interest rate reduction of two full percentage points after four years for student loan borrowers with a consistent repayment record.~~

Your letter requests a meeting to discuss the proposed reduction in interest rates. As you know the new interest rate formulas are now in effect and the interest rate calculations have been published in the Federal Register. Therefore, the focus of a meeting is not clear. However, we are willing to listen to your concerns and hope you will join us in ensuring that the final HEA reauthorization bill provides borrowers consolidating their loans in the FFEL Program with the same low interest rates as borrowers consolidating in the Direct Loan Program. ~~Please contact~~

Automated Records Management System
Hex-Dump Conversion

______________, ~~to arrange a meeting.~~_

Sincerely,

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:14-JUL-1998 17:17:43.00

SUBJECT: Direct loan sales and servicing

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Barry White (CN=Barry White/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

CC: Sandra Yamin (CN=Sandra Yamin/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TEXT:
I had two conversations today worth reporting on.

Direct Loan Sales

Feuerstein tells me Mike is softening on direct loan sales, and has agreed that Don can start working on a plan and talk to Tom Butts about it after HEA passes. Sales would have to be structured in a way that students are indifferent (or actually benefit from better servicing). The promise of income-contingent repayment will have to be retained.

Feuerstein is not to engage in discussions outside ED on this until after HEA is done. I'm not sure whether Smith would allow ED to engage in discussions with OMB and Treasury if we reconvene an Administration auctions group in the near future. (I'm quite sure he would object to such discussions with the larger technical group that includes CBO, CRS, and GAO.)

(I have not scheduled an auctions technical group meeting. I need to get clarification on what the agenda should be, to decide whether the legislative branch should attend.)

New contracts for direct loan consolidation/servicing

Harry Feely, a former Sallie Mae manager who now works in OPE systems, came to talk to Stan Kaufman (OFPP) and I about ED's plans to bring on multiple new contractors to perform loan consolidation and then retain the loans for servicing. ED is now developing a performance-based statement of work, and Feely has already begun to talk to potential bidders (e.g., Citibank, USAF, and other existing FFEL servicers). The proposal and process looks good, is completely different than ED's past approach, and is exactly what Kaufman/Kelman had urged ED to do in years past.

ED's approach will be to look at existing commercial operations that already consolidate and/or service student loans so that new and better capacity can be brought up quickly (and so multiple servicers will compete to give ED the best service so they can get more volume.)

One important element may be missing: there's no one looking for opportunities to obtain even more efficient servicing than now occurs for FFEL loans. Like others from the industry, Feely believes there is potential for more efficient servicing if the FFEL due diligence rules are modified, but also recognizes current FFEL servicers have made significant investments in tailored systems and may NOT want ED to provide regulatory relief if it will give new servicers a competitive advantage.
Discussions between ED and commercial servicers on potential contracts for servicing direct loans offer an opportunity to explore what changes to due diligence rules would lead to increased collections. But Feely has no directive to do that, and believes his charge is simply to get ED plugged into existing FFEL operations.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Stephanie_Babyak@ed.gov (Stephanie Babyak) (Stephanie_Babyak@ed.gov (Stephanie Babyak) [UNKNOWN])

CREATION DATE/TIME:17-JUL-1998 12:37:50.00

SUBJECT: Re: NPR on Loan Consolidation Rate

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Kristi_Kimball@ed.gov (Kristi Kimball) (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TO: chow_b@a1.eop.gov (chow_b@a1.eop.gov [UNKNOWN]) (OMB)
READ:UNKNOWN

CC: Pauline_Abernathy@ed.gov (Pauline Abernathy) (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

CC: David_Frank@ed.gov (David Frank) (David_Frank@ed.gov (David Frank) [UNKNOWN])
READ:UNKNOWN

CC: Tom_Lyon@ed.gov (Tom Lyon) (Tom_Lyon@ed.gov (Tom Lyon) [UNKNOWN])
READ:UNKNOWN

CC: Jane_Glickman@ed.gov (Jane Glickman) (Jane_Glickman@ed.gov (Jane Glickman) [UNKNOWN])
READ:UNKNOWN

CC: Julie_Green@ed.gov (Julie Green) (Julie_Green@ed.gov (Julie Green) [UNKNOWN])
READ:UNKNOWN

TEXT:

I've located the radio show. What Barbara heard was a teaser for WAMC-FM Northeast Public Radio which advertised on NPR.

The show ran last night, a 7-minute news interview format, host Glen Busbee, with Sallie Mae as the "expert" guest. The program is syndicated to other affiliates in the Northeast area, so it may be aired in the next week or so on other stations.

They're sending me an audio cassette which we'll review asap. Then we can call WAMC and see if we can respond or if Busbee might produce another show.

I'll have more information to share upon receipt of the tape.

Thanks.

______________________________ Reply Separator

Subject: NPR on Loan Consolidation Rate
Author: Kristi Kimball at WDCB01
Date: 7/16/98 8:24 PM

Barbara and Bob:

I talked with Julie Green, ED's press secretary, about the announcement you heard on NPR this evening. She called NPR and asked about any scheduled programming on "People who don't like the government" and the consolidation interest rate. We haven't been able to confirm yet which program the teaser was advertizing, but we think it is probably the Diane Reem (sp?) Show, which is one of the only call-in format shows on NPR. It airs at 11:00am daily.

Our public affairs staff have been notified, and we have a set of talking points and other back-up ready. They are going to call again tomorrow morning, and I will mention this to Mike when he calls in at 9:30 am.

Thanks for the heads-up. I'll update you when I hear anything more.

Kristi

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 3-AUG-1998 18:21:39.00

SUBJECT: SLMA Letter

TO: tombutts (tombutts @ umich.edu @ inet [UNKNOWN])
READ:UNKNOWN

TEXT:
I assume you saw it. Great letter.
---------------------- Forwarded by Robert M. Shireman/OPD/EOP on 08/03/98
06:21 PM ---------------------------

Kristi_Kimball @ ed.gov (Kristi Kimball)
08/03/98 05:51:43 PM
Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: SLMA Letter

FYI

______________________________ Forward Header

Subject: SLMA Letter
Author: Ivan Frishberg <ivan@pirg.org> at Internet
Date: 8/3/98 5:35 PM

The attached letter was sent today to Al Lord.

U.S. Student Association * U.S. PIRG
National Association of Graduate Professional Students

Al Lord
Sallie Mae Holding Corporation
11600 Sallie Mae Drive
Reston, VA 20193

August 3,

1998

Dear Sir:

We are writing in reference to your letter to Secretary Riley, July 7, regarding the decision to set an interest rate on Direct consolidation loans
comparable to the interest rate currently available on new Direct and FFEL loans.

Contrary to your assertions, the actions of the Secretary with regard to the interest rates on consolidation loans are clearly consistent with the actions and positions of both the Congress and the Administration in lowering the interest rates on new Direct and FFELP loans. Your strident opposition to lower interest rates place you squarely at odds with the best interests of students.

The student community has been extremely supportive of the level playing principle, and has at no point asked lenders to do the impossible. We believe that there is merit to the case that it would not be profitable to consolidate loans at the 90 day + 2.3 interest rate so long as the 105 fee is maintained in its entirety. We understand that, as profitable as consolidation loans are, this fee places a real obstacle to participation by
your industry in the advent of the lower interest rates.

It has also been our consistent position that student benefits in any program should not be sacrificed solely to establish an artificial parity for any lender. To the extent that the lower interest rates for FDLP consolidation loans creates a problem for your industry, the solution is more appropriately focused at providing your industry the opportunity to compete at the lower rate.

In stark contrast to this position, your reaction to the Secretary's decision ignores alternatives that would maintain involvement by the private sector in consolidation loans while still maintaining the lower interest rate for students.

Rejecting this position, as you apparently have, suggests that you have no interest in reducing the fee, and may have no interest in a level playing field. Most observers might consider this to be contrary to the traditional position of the lending industry, but maybe this is not so for a competitor that has already relinquished its interest in this area of service to students.

We remain interested in exploring options for reducing the 105 basis point fee on consolidation loans in such a manner that will ensure a yield commensurate with the yield that lenders still consolidating loans currently receive. We write to express our disappointment at the position you have taken and remind you that this is still a consumer driven business venture. While you may have certain legislative entitlements, these are entitlements which are dependent on the decisions of consumers . We are extremely committed to the lower interest rates that have been set, including ensuring that students are able to get that same rate when they consolidate their loans.

Sincerely,

Anthony Samu
U.S. Student Association

Ivan Frishberg
PIRG's Higher Education Project

Bryan Hannegan
National Association of Graduate Professional Students

cc:

The Honorable William F. Goodling
The Honorable William Clay
The Honorable Howard "Buck" McKeon
The Honorable Dale Kildee
The Honorable Jim M. Jeffords
The Honorable Edward M. Kennedy
The Honorable Dan Coats
The Honorable Christopher J. Dodd
Secretary Richard Riley
Jacob Lew

Ivan Frishberg
Voice: 202/546-9707
PIRG's Higher Education Project
Fax: 202/546/2461
218 D St., SE, Washington DC 20003 Web:
http://www.pirg.org/student

Message Sent
To:

Pauline_Abernathy @ ed.gov (Pauline Abernathy)
Robert M. Shireman/OPD/EOP
Jean_Veta @ ed.gov (Jean Veta)
Don_Feuerstein @ ed.gov (Don Feuerstein)
James_Kvaal @ ed.gov (James Kvaal)
Diane_Rogers @ ed.gov (Diane Rogers)
Shelley_Amdur @ ed.gov (Shelley Amdur)
Jon_Oberg @ ed.gov (Jon Oberg)
Daniel_Bernal @ ed.gov (Daniel Bernal)

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:21-SEP-1998 17:53:48.00

SUBJECT: COO

TO: Robert_Muller (Robert_Muller @ ed.gov (Robert Muller) [UNKNOWN])
READ:UNKNOWN

TEXT:
Please arrange for the new COO to meet with the leading Direct Loan schools as soon as possible. (It would be great to even schedule it before she's named). They are feeling generally neglected, and will get nervous about the Sallie Mae background, so it is critical to buy them in early.

Clinton Presidential Records
Automated Records Management System
[EMAIL] and Tape Restoration Project [Email]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies a responsive email, already made available within another collection.

Collection: 2017-1075-F

Bucket: OPD

Creation Date: 1998-10-09

Subject: Sallie Mae back in the consolidation business FYI

Creator: Pauline_Abernathy@ed.gov Pauline Abernathy Pauline_Abernathy@ed.gov Pauline Abernathy [UNKNOWN]

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:14-OCT-1998 20:16:40.00

SUBJECT: Sallie Mae versus Direct Loan consolidation

TO: pauline_abernathy (pauline_abernathy @ ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

CC: diane_rogers (diane_rogers @ ed.gov @ inet [UNKNOWN])
READ:UNKNOWN

TEXT:
Someone should double-check my spreadsheet, but this is my analysis of the new Sallie Mae consolidation deal. On a $25,000 balance paid over a 10-year period:

-- A borrower who has just one late payment in the first 48 -- missing out on the Smart Rewards -- would pay a total of $36,398 -- $852 more than Direct Loan consolidation. A costly error. (How many actually succeed in making 48 perfect payments?)

--Even with Smart Rewards, Direct Loan consolidation is still $303 cheaper (and that understates its benefits, since the lower payments come in the earlier years).

--If the 1/4 point reduction for electronic payments is considered, borrowers would pay $89 less with Sallie Mae over 10 years. But again, if the timing is considered (payments are lower in DL for the first four years), a properly discounted analysis would show DL to be the better deal.

Obviously, Sallie Mae's claims are based on 20-year repayment periods because that's the only way they look good. And I'm not sure they'd still look good if properly discounted.

=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D62]MAIL40675478K.226 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

FOIA Number: 2017-1074-F

Clinton Presidential Records Automated Records Management System [EMAIL]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Librarv Staff.

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: p_j8745759_opd_html_1.xls

Attachment Number: [ATTACH.D62]MAIL40675478K.226

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Barry White (CN=Barry White/OU=OMB/O=EOP [OMB])

CREATION DATE/TIME:22-OCT-1998 12:52:53.00

SUBJECT: 10 millionth loan

TO: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Are you sure Mike won't insist that we stay silent on this? Just as in his policy approach to consolidation loans, surely we would not want anyone to know the President was actually helping students, would we? Might your idea not irritate some filthy rich banker or Sallie Mae shareholder?

Just kidding. Probably.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Ron Klain (CN=Ron Klain/O=OVP [UNKNOWN])

CREATION DATE/TIME:16-FEB-1999 18:09:09.00

SUBJECT: Two Things

TO: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Tom Downey called me:

1. He wants us to put someone from Sallie Mae on the LifeLong Learning FACA. I told him this was unlikely,
but we'd consider it

2. He wants us to get Sam Freed into the LifeLong Learning Leadership group. I told him we would try hard.
This seems like a good idea to me.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:17-FEB-1999 19:48:26.00

SUBJECT: Re: Two Things

TO: Ron Klain (CN=Ron Klain/O=OVP @ OVP [UNKNOWN])
READ:UNKNOWN

TEXT:
Got your note. His person Nancy Doneldson conveyed the same message to me.

The Sally Mae person for the advisory committee will get vetted through the presidential personnel process. I'll keep you posted and be sure you see a list of possible nominees. We'll get recommendations for the advisory committee over the next month or so.

Getting Sam Freed on the leadership group has two potential problems -- one potentially more difficult than the other. First, we have told other members of the group that only CEOs and Presidents could be on the group -- Freed is General Counsel. We could easily work this out by having the CEO of the Limited listed on the group, but have Sam Freed as the active participant.
If Freed needs to be listed on the group, we can work on that. The second concern is a vetting one that I should discuss with you in person.

Ron Klain
02/16/99 06:01:55 PM
Record Type: Record

To: Jonathan H. Schnur/OPD/EOP @ EOP
cc:
Subject: Two Things

Tom Downey called me:

1. He wants us to put someone from Sallie Mae on the LifeLong Learning FACA. I told him this was unlikely,
 but we'd consider it

2. He wants us to get Sam Freed into the LifeLong Learning Leadership group. I told him we would try hard.
 This seems like a good idea to me.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Courtney O. Gregoire (CN=Courtney O. Gregoire/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:25-MAR-1999 12:28:13.00

SUBJECT: Mtg w/ Sallie Mae

TO: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Tom,

I'm working with Jon Schnur and have been receiving messages from Peg Clark at Sallie Mae. She is looking to have a follow-up meeting with both you and Jon. Jon mentioned that you had a few questions for Sallie Mae and thought it might be a good idea to get together next week. Please email me back with good times for you and any message you would like me to relay to Peg Clark or Jon. Thanks!

Courtney

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Courtney O. Gregoire (CN=Courtney O. Gregoire/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 1-APR-1999 09:55:19.00

SUBJECT: Mtg w/ Sallie Mae

TO: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
Could you please get back to me on this potential meeting?
---------------------- Forwarded by Courtney O. Gregoire/OPD/EOP on 04/01/99 09:54 AM ---------------------------

Courtney O. Gregoire
03/25/99 12:27:02 PM
Record Type: Record

To: Thomas A. Kalil/OPD/EOP
cc:
Subject: Mtg w/ Sallie Mae

Tom,

I'm working with Jon Schnur and have been receiving messages from Peg Clark at Sallie Mae. She is looking to have a follow-up meeting with both you and Jon. Jon mentioned that you had a few questions for Sallie Mae and thought it might be a good idea to get together next week. Please email me back with good times for you and any message you would like me to relay to Peg Clark or Jon. Thanks!

Courtney

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 1-APR-1999 17:34:52.00

SUBJECT: Re: Mtg w/ Sallie Mae

TO: Courtney O. Gregoire (CN=Courtney O. Gregoire/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
The 7th and the 9th are both pretty good for me.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Courtney O. Gregoire (CN=Courtney O. Gregoire/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 7-APR-1999 11:47:57.00

SUBJECT: Mtg w/ Sallie Mae

TO: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

CC: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
The meeting with Peggy Clark and two other representatives from Sallie Mae
is scheduled for 2 pm on Friday, April 9th in Room 218 OEOB. Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:11-MAY-1999 12:11:17.00

SUBJECT: Sallie Mae

TO: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Peg Clark from Sallie Mae called to say that they are interested in following up on the idea of building some public/private partnerships (such as the one in VA) to fund lifelong learning opportunities. We should probably meet with them on this, but maybe we could all get together first to make sure we know where we want to take this. Perhaps the three of us could meet next Tuesday -- say 4:00 pm? I will be happy to schedule something with them after our conversation. Thanks very much! B.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:11-MAY-1999 13:03:25.00

SUBJECT: Re: Sallie Mae

TO: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP @ EOP [OPD])
READ:UNKNOWN

TEXT:
See what Tom thinks, but if he thinks we are ready for another mtg,
Tues.sounds good...

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:25-MAY-1999 17:00:01.00

SUBJECT: Sllie Mae

TO: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
What would you like to do about Sallie Mae? Do we need to strategize on our next move with them? Or are you all set? Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:26-MAY-1999 12:23:13.00

SUBJECT: Sallie Mae

TO: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Tom,

Would you like to set up a time to meet with Jon and me next week re next steps with Sallie Mae? Perhaps sometime next Wedensday, June 2? Jon and I are pretty much wide open that day. Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Jason H. Schechter (CN=Jason H. Schechter/OU=WHO/O=EOP [WHO])

CREATION DATE/TIME:28-MAY-1999 12:53:31.00

SUBJECT: President Clinton Names Marcelle Leahy as a Member of the Board of Directors for the Student Loan Marketing Association

TO: Pub_Arch (Pub_Arch [UNKNOWN])
READ:UNKNOWN

TO: Releases (Releases @ pub.pub.whitehouse.gov [UNKNOWN])
READ:UNKNOWN

TO: Releases (Releases @ www3.whitehouse.gov [UNKNOWN])
READ:UNKNOWN

TO: Setti D. Warren (CN=Setti D. Warren/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: john.longbrake@do.treas.gov (john.longbrake@do.treas.gov [UNKNOWN])
READ:UNKNOWN

TO: terry_moore@metronetworks.com (terry_moore@metronetworks.com [UNKNOWN])
READ:UNKNOWN

TO: martinez-elizabeth@dol.gov (martinez-elizabeth@dol.gov [UNKNOWN])
READ:UNKNOWN

TO: William Hadley (CN=William Hadley/OU=OA/O=EOP@EOP [UNKNOWN])
READ:UNKNOWN

TO: Kathleen K. Ahn (CN=Kathleen K. Ahn/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: amy_weiss@bm.com (amy_weiss@bm.com [UNKNOWN])
READ:UNKNOWN

TO: Carl Haacke (CN=Carl Haacke/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: David Vandivier (CN=David Vandivier/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: gretchen.cook@afp.com (gretchen.cook@afp.com [UNKNOWN])
READ:UNKNOWN

TO: Debra D. Alexander (CN=Debra D. Alexander/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Ann C. Hertelendy (CN=Ann C. Hertelendy/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: RATCLIFF_M@A1 (RATCLIFF_M@A1 @ CD @ VAXGTWY [UNKNOWN]) (VPO)
READ:UNKNOWN

TO: Jeffrey H. Oakman (CN=Jeffrey H. Oakman/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Mae E. Haney (CN=Mae E. Haney/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Erica S. Lepping (CN=Erica S. Lepping/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Michael J. Sullivan (CN=Michael J. Sullivan/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: aaron_cohen@metronetworks.com (aaron_cohen@metronetworks.com [UNKNOWN])
READ:UNKNOWN

TO: Jennifer H. Smith (CN=Jennifer H. Smith/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jade L Riley (CN=Jade L Riley/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Veronica DeLaGarza (CN=Veronica DeLaGarza/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sean P. O'Shea (CN=Sean P. O'Shea/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: patricia.peart@MSNBC.COM (patricia.peart@MSNBC.COM [UNKNOWN])
READ:UNKNOWN

TO: jeanne.cummings@news.wsj.com (jeanne.cummings@news.wsj.com [UNKNOWN])
READ:UNKNOWN

TO: Victoria L. Valentine (CN=Victoria L. Valentine/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Simeona F. Pasquil (CN=Simeona F. Pasquil/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Bridget T. Leininger (CN=Bridget T. Leininger/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Linda L. Moore (CN=Linda L. Moore/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: info@elsoldetexas.com (info@elsoldetexas.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: mpena@efeamerica.com (mpena@efeamerica.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: Jeffrey L. Farrow (CN=Jeffrey L. Farrow/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Neal Sharma (CN=Neal Sharma/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Eli P. Joseph (CN=Eli P. Joseph/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: photo@upi.com (photo@upi.com [UNKNOWN])
READ:UNKNOWN

TO: Matthew W. Pitcher (CN=Matthew W. Pitcher/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Stacie Spector (CN=Stacie Spector/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: rsimoncol@aol.com (rsimoncol@aol.com [UNKNOWN])
READ:UNKNOWN

TO: IGCP@usia.gov (IGCP@usia.gov [UNKNOWN])
READ:UNKNOWN

TO: James.gerstenzang@latimes.com (James.gerstenzang@latimes.com [UNKNOWN])
READ:UNKNOWN

TO: Nancy.mathis@chron.com (Nancy.mathis@chron.com [UNKNOWN])
READ:UNKNOWN

TO: Caroline R. Fredrickson (CN=Caroline R. Fredrickson/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Toby C. Graff (CN=Toby C. Graff/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Karen Tramontano (CN=Karen Tramontano/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Deborin@aol.com (Deborin@aol.com [UNKNOWN])
READ:UNKNOWN

TO: meglynn@usia.gov (meglynn@usia.gov @ INET @ LNGTWY [UNKNOWN])
READ:UNKNOWN

TO: kara.gerhardt@ost.dot.gov (kara.gerhardt@ost.dot.gov [UNKNOWN])
READ:UNKNOWN

TO: Alejandro G. Cabrera (CN=Alejandro G. Cabrera/O=OVP@OVP [UNKNOWN])
READ:UNKNOWN

TO: Paul D. Glastris (CN=Paul D. Glastris/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: spage@usatoday.com (spage@usatoday.com [UNKNOWN])
READ:UNKNOWN

TO: Carrie A. Street (CN=Carrie A. Street/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jennifer Ferguson (CN=Jennifer Ferguson/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Charles H. Cole (CN=Charles H. Cole/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jackson T. Dunn (CN=Jackson T. Dunn/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Kelley L. O'Dell (CN=Kelley L. O'Dell/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Cheryl M. Carter (CN=Cheryl M. Carter/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Victoria A. Lynch (CN=Victoria A. Lynch/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Tania I. Lopez (CN=Tania I. Lopez/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Deborah B. Mohile (CN=Deborah B. Mohile/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Rajiv Y. Mody (CN=Rajiv Y. Mody/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Carolyn T. Wu (CN=Carolyn T. Wu/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Charles M. Brain (CN=Charles M. Brain/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Thomas M. Rosshirt (CN=Thomas M. Rosshirt/O=OVP@OVP [UNKNOWN])
READ:UNKNOWN

TO: Sarah E. Gegenheimer (CN=Sarah E. Gegenheimer/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: dmilbank@tnr.com (dmilbank@tnr.com [UNKNOWN])
READ:UNKNOWN

TO: Marty J. Hoffmann (CN=Marty J. Hoffmann/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jason H. Schechter (CN=Jason H. Schechter/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: BUDIG_N@A1@CD@VAXGTWY (BUDIG_N@A1@CD@VAXGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

TO: Maureen T. Shea (CN=Maureen T. Shea/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Janelle E. Erickson (CN=Janelle E. Erickson/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Heather M. Riley (CN=Heather M. Riley/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Mark D. Neschis (CN=Mark D. Neschis/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Marsha Scott (CN=Marsha Scott/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: wh-outbox-distr@pub.pub.whitehouse.gov (wh-outbox-distr@pub.pub.whitehouse.gov @ inet [UNKNOWN])
READ:UNKNOWN

TO: Douglas R. Matties (CN=Douglas R. Matties/OU=OA/O=EOP@EOP [OA])
READ:UNKNOWN

TO: Phillip Caplan (CN=Phillip Caplan/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Melissa M. Murray (CN=Melissa M. Murray/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Elliot J. Diringer (CN=Elliot J. Diringer/OU=CEQ/O=EOP@EOP [CEQ])
READ:UNKNOWN

TO: Virginia Apuzzo (CN=Virginia Apuzzo/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Julianne B. Corbett (CN=Julianne B. Corbett/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Carmen B. Fowler (CN=Carmen B. Fowler/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Maureen A. Hudson (CN=Maureen A. Hudson/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Debra S. Wood (CN=Debra S. Wood/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Judithanne V. Scourfield (CN=Judithanne V. Scourfield/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Tracy F. Sisser (CN=Tracy F. Sisser/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Neera Tanden (CN=Neera Tanden/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: June Shih (CN=June Shih/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Robin J. Bachman (CN=Robin J. Bachman/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: William W. McCathran (CN=William W. McCathran/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Edwin R. Thomas III (CN=Edwin R. Thomas III/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Peter A. Weissman (CN=Peter A. Weissman/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: HEMMIG_M@A1 (HEMMIG_M@A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: Elizabeth R. Newman (CN=Elizabeth R. Newman/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: RILEY_R@A1 (RILEY_R@A1 @ CD @ LNGTWY [UNKNOWN]) (OA)
READ:UNKNOWN

TO: WEINER_R@A1 (WEINER_R@A1 @ CD @ LNGTWY [UNKNOWN]) (DON)
READ:UNKNOWN

TO: GRAY_W@A1 (GRAY_W@A1 @ CD @ LNGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

TO: newsdesk@usnewswire.com (newsdesk@usnewswire.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: WOZNIAK_N@A1 (WOZNIAK_N@A1 @ CD @ LNGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

TO: JOHNSON_WC@A1 (JOHNSON_WC@A1 @ CD @ LNGTWY [UNKNOWN]) (OA)
READ:UNKNOWN

TO: BARBUSCHAK_K@A1 (BARBUSCHAK_K@A1 @ CD @ LNGTWY [UNKNOWN]) (OA)
READ:UNKNOWN

TO: US (1=US @ 2=WESTERN UNION @ 5=ATT.COM @ *ELN\62955104 @ MRX @ LNGTWY [UNKNOWN]
)
READ:UNKNOWN

TO: Leanne A. Shimabukuro (CN=Leanne A. Shimabukuro/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Thomas D. Janenda (CN=Thomas D. Janenda/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TO: Laura S. Marcus (CN=Laura S. Marcus/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Beverly J. Barnes (CN=Beverly J. Barnes/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sara M. Latham (CN=Sara M. Latham/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Barbara D. Woolley (CN=Barbara D. Woolley/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Richard Socarides (CN=Richard Socarides/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Catherine T. Kitchen (CN=Catherine T. Kitchen/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Michael Waldman (CN=Michael Waldman/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Todd Stern (CN=Todd Stern/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Laura D. Schwartz (CN=Laura D. Schwartz/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Cheryl D. Mills (CN=Cheryl D. Mills/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: David E. Kalbaugh (CN=David E. Kalbaugh/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Lori E. Abrams (CN=Lori E. Abrams/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Dawn M. Chirwa (CN=Dawn M. Chirwa/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sylvia Bolivar (CN=Sylvia Bolivar/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Melissa J. Prober (CN=Melissa J. Prober/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Ruby Shamir (CN=Ruby Shamir/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Erica R. Morris (CN=Erica R. Morris/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Leslie Bernstein (CN=Leslie Bernstein/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TO: carolmast@aol.com (carolmast@aol.com [UNKNOWN])
READ:UNKNOWN

TO: Lindsey E. Huff (CN=Lindsey E. Huff/OU=NSC/O=EOP@EOP [NSC])
READ:UNKNOWN

TO: philippe.debeusscher@afp.com (philippe.debeusscher@afp.com [UNKNOWN])
READ:UNKNOWN

TO: Deborah Akel (CN=Deborah Akel/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Mark A. Kitchens (CN=Mark A. Kitchens/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: edwin.chen@latimes.com (edwin.chen@latimes.com [UNKNOWN])
READ:UNKNOWN

TO: Kristina L. Gordon (CN=Kristina L. Gordon/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: ssaukas@nbc.com (ssaukas@nbc.com [UNKNOWN])
READ:UNKNOWN

TO: James E. Kennedy (CN=James E. Kennedy/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Shannon M. Hinderliter (CN=Shannon M. Hinderliter/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: mmacdonald1@doc.gov (mmacdonald1@doc.gov [UNKNOWN])
READ:UNKNOWN

TO: jorszag@doc.gov (jorszag@doc.gov [UNKNOWN])
READ:UNKNOWN

TO: Richard L. Siewert (CN=Richard L. Siewert/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Abigail C. Smith (CN=Abigail C. Smith/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jordan D. Matyas (CN=Jordan D. Matyas/O=OVP@OVP [UNKNOWN])
READ:UNKNOWN

TO: bob.davis@news.wsj.com (bob.davis@news.wsj.com [UNKNOWN])
READ:UNKNOWN

TO: Elena Kagan (CN=Elena Kagan/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Craig Hughes (CN=Craig Hughes/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TO: Orson C. Porter (CN=Orson C. Porter/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: durph@aol.com (durph@aol.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: mgarcia@pacifica.org (mgarcia@pacifica.org @ inet [UNKNOWN])
READ:UNKNOWN

TO: marhast@aol.com (marhast@aol.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: Jodi Enda <jenda (Jodi Enda <jenda @ krwashington.com> [UNKNOWN])
READ:UNKNOWN

TO: Jeffrey M. Smith (CN=Jeffrey M. Smith/OU=OSTP/O=EOP@EOP [OSTP])
READ:UNKNOWN

TO: kenneth.prewitt@ccMail.census.gov (kenneth.prewitt@ccMail.census.gov [UNKNOWN])
READ:UNKNOWN

TO: David R. Goodfriend (CN=David R. Goodfriend/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Brian S. Mason (CN=Brian S. Mason/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Evan Ryan (CN=Evan Ryan/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: scott.barancik@americanbanker.com (scott.barancik@americanbanker.com [UNKNOWN])
READ:UNKNOWN

TO: Matt Gobush (CN=Matt Gobush/OU=NSC/O=EOP@EOP [NSC])
READ:UNKNOWN

TO: Matthew J. Bianco (CN=Matthew J. Bianco/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Samuel O. Spencer (CN=Samuel O. Spencer/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Skye S. Philbrick (CN=Skye S. Philbrick/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jonathan A. Kaplan (CN=Jonathan A. Kaplan/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Larry.mcquillan@reuters.com (Larry.mcquillan@reuters.com [UNKNOWN])
READ:UNKNOWN

TO: Mindy E. Myers (CN=Mindy E. Myers/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TO: Christopher K. Scully (CN=Christopher K. Scully/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Maria E. Soto (CN=Maria E. Soto/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: bnichols@usatoday.com (bnichols@usatoday.com [UNKNOWN])
READ:UNKNOWN

TO: mhall@usatoday.com (mhall@usatoday.com [UNKNOWN])
READ:UNKNOWN

TO: Joshua S. Gottheimer (CN=Joshua S. Gottheimer/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: drosen@newsweek.com (drosen@newsweek.com [UNKNOWN])
READ:UNKNOWN

TO: Robert B. Johnson (CN=Robert B. Johnson/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jonathan M. Young (CN=Jonathan M. Young/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jocelyn A. Bucaro (CN=Jocelyn A. Bucaro/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Jena V. Roscoe (CN=Jena V. Roscoe/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Maritza Rivera (CN=Maritza Rivera/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sondra L. Seba (CN=Sondra L. Seba/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Robin Leeds (CN=Robin Leeds/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Edward F. Hughes (CN=Edward F. Hughes/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Dario J. Gomez (CN=Dario J. Gomez/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Minyon Moore (CN=Minyon Moore/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: kyle.mckinnon@kcrw.org (kyle.mckinnon@kcrw.org [UNKNOWN])
READ:UNKNOWN

TO: Julie B. Goldberg (CN=Julie B. Goldberg/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TO: Dorinda A. Salcido (CN=Dorinda A. Salcido/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sheyda Jahanbani (CN=Sheyda Jahanbani/OU=NSC/O=EOP@EOP [NSC])
READ:UNKNOWN

TO: William C. Haymes (CN=William C. Haymes/OU=OA/O=EOP@EOP [OA])
READ:UNKNOWN

TO: Fred DuVal (CN=Fred DuVal/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: RUNDLET_P@A1 (RUNDLET_P@A1 @ CD @ VAXGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: Delia A. Cohen (CN=Delia A. Cohen/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: McGavock D. Reed (CN=McGavock D. Reed/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Jeffrey A. Shesol (CN=Jeffrey A. Shesol/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Linda Ricci (CN=Linda Ricci/OU=OMB/O=EOP@EOP [OMB])
READ:UNKNOWN

TO: Sean P. Maloney (CN=Sean P. Maloney/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Eli G. Attie (CN=Eli G. Attie/O=OVP@OVP [UNKNOWN])
READ:UNKNOWN

TO: Katharine Button (CN=Katharine Button/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Lisa J. Levin (CN=Lisa J. Levin/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Nanda Chitre (CN=Nanda Chitre/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Michael V. Terrell (CN=Michael V. Terrell/OU=CEQ/O=EOP@EOP [CEQ])
READ:UNKNOWN

TO: Walker F. Bass (CN=Walker F. Bass/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Lynn G. Cutler (CN=Lynn G. Cutler/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Lana Dickey (CN=Lana Dickey/OU=WHO/O=EOP@EOP [WHO])

READ:UNKNOWN

TO: Daniel W. Burkhardt (CN=Daniel W. Burkhardt/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Patrick E. Briggs (CN=Patrick E. Briggs/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Woyneab M. Wondwossen (CN=Woyneab M. Wondwossen/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sarah S. Knight (CN=Sarah S. Knight/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Brooks E. Scoville (CN=Brooks E. Scoville/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Nicole R. Rabner (CN=Nicole R. Rabner/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Julia M. Payne (CN=Julia M. Payne/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Sherman A. Williams (CN=Sherman A. Williams/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Douglas J. Band (CN=Douglas J. Band/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Ashley L. Raines (CN=Ashley L. Raines/OU=OA/O=EOP@EOP [OA])
READ:UNKNOWN

TO: Jordan Tamagni (CN=Jordan Tamagni/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: tnewell@ostp.eop.gov (tnewell@ostp.eop.gov @ INET @ LNGTWY [WHO])
READ:UNKNOWN

TO: GRIBBEN_J@A1 (GRIBBEN_J@A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: NAPLAN_S@A1 (NAPLAN_S@A1 @ CD @ LNGTWY [UNKNOWN]) (NSC)
READ:UNKNOWN

TO: usnwire@access.digex.com (usnwire@access.digex.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: backup@wilson.ai.mit.edu (backup@wilson.ai.mit.edu @ inet [UNKNOWN])
READ:UNKNOWN

TO: SUNTUM_M@A1 (SUNTUM_M@A1 @ CD @ LNGTWY [UNKNOWN]) (WHO)
READ:UNKNOWN

TO: INFOMGT@A1 (INFOMGT@A1 @ CD @ LNGTWY [UNKNOWN]) (SYS)

READ:UNKNOWN

TO: 62955104@eln.attmail.com (62955104@eln.attmail.com @ inet [UNKNOWN])
READ:UNKNOWN

TO: Kim B. Widdess (CN=Kim B. Widdess/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Brian D. Smith (CN=Brian D. Smith/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Virginia N. Rustique (CN=Virginia N. Rustique/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Megan C. Moloney (CN=Megan C. Moloney/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Andrew J. Mayock (CN=Andrew J. Mayock/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Cynthia M. Jasso-Rotunno (CN=Cynthia M. Jasso-Rotunno/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Dag Vega (CN=Dag Vega/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Brenda M. Anders (CN=Brenda M. Anders/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Dorian V. Weaver (CN=Dorian V. Weaver/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Barry J. Toiv (CN=Barry J. Toiv/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Douglas B. Sosnik (CN=Douglas B. Sosnik/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: G. Timothy Saunders (CN=G. Timothy Saunders/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Julie E. Mason (CN=Julie E. Mason/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Anne M. Edwards (CN=Anne M. Edwards/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TO: Christine A. Stanek (CN=Christine A. Stanek/OU=WHO/O=EOP@EOP [WHO])
READ:UNKNOWN

TEXT:
THE WHITE HOUSE

Office of the Press Secretary

(Yulee, Florida)

For Immediate
Release
May 28, 1999

PRESIDENT CLINTON NAMES MARCELLE LEAHY AS A MEMBER OF THE BOARD OF DIRECTORS FOR THE STUDENT LOAN MARKETING ASSOCIATION

The President today announced his intent to appoint Marcelle Leahy to be a member of the Board of Directors for the Student Loan Marketing Association.

Ms. Marcelle Leahy, of Middlesex, Vermont, has achieved a successful career as a licensed Registered Nurse, and has contributed her skill and insights to medical organizations in Vermont and to women in Vermont pursuing or launching careers of their own. She has worked most recently as a staff nurse in the Medical-Surgical Unit of Arlington Hospital in Arlington, Virginia. Previously, she was a board member of Vermont Nursing Initiatives, the Visiting Nurses Association and a member of the Advisory Council of the Norwich University School of Nursing. Ms. Leahy now serves on the Advisory Board of the University of Vermont School of Nursing, and is a board member of the Meridian International Center and the Washington Opera.

Ms. Leahy graduated in 1962 from the Jeanne Mance School of Nursing, DeGoesbriand Memorial Hospital in Burlington, Vermont, and was recertified in nursing at the Medical Center Hospital of Vermont in 1988.

The Student Loan Marketing Corporation (Sallie Mae) was created by an act of Congress in 1972 to provide funding and liquidity for federally guaranteed education loans, and in 1996, Congress enacted and President Clinton signed legislation authorizing its restructuring as a fully private, state-chartered corporation. Sallie Mae is the nation's largest source of funding and servicing support for education loans for students and their parents.

30-30-30

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:30-MAY-1999 17:02:07.00

SUBJECT: Re: Sallie Mae

TO: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
How about late morning - early afternoon
on June 2nd?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 1-JUN-1999 11:08:41.00

SUBJECT: Re: Sallie Mae

TO: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

CC: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Great. Does 11:00 am sound about right? Maybe we can gather in Jon's office, because mine is nonexistent.

Thomas A. Kalil
05/30/99 05:01:38 PM
Record Type: Record

To: Bethany Little/OPD/EOP@EOP
cc:
Subject: Re: Sallie Mae

How about late morning - early afternoon on June 2nd?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME: 2-JUN-1999 18:16:30.00

SUBJECT: Sallie Mae

TO: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
Before I forget, Tom an dI tentatively rescheduled our meeting for 11:00 am tomorrow (Thursday). Does that work for you? Can we just meet in your office?

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Kvaal, James" <James_Kvaal@ed.gov> ("Kvaal, James" <James_Kvaal@ed.gov> [UNKNOWN])

CREATION DATE/TIME:21-JUN-1999 12:07:58.00

SUBJECT: FW: More Good News - KU

TO: Lorenzo Rasetti (CN=Lorenzo Rasetti/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Brian V. Kennedy (CN=Brian V. Kennedy/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: "Smith, Mike" <Mike_Smith@ed.gov> ("Smith, Mike" <Mike_Smith@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Oberg, Jon" <Jon_Oberg@ed.gov> ("Oberg, Jon" <Jon_Oberg@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Rogers, Diane" <Diane_Rogers@ed.gov> ("Rogers, Diane" <Diane_Rogers@ed.gov> [UNKNOWN])
READ:UNKNOWN

TEXT:
> -----Original Message-----
> From: White, Marge
> Sent: Monday, June 21, 1999 11:57 AM
> To: Walsh, Mark; Edwards, Victoria; Nordsieck, Joe; Woods, Greg;
Kvaal,
> James
> Cc: Bartlett, David; Coates, Katherine; Cannavan, Pamela; Gay,
Tammy
> Subject: RE: More Good News - KU
>
> This is great news, Mark. Thanks to you and your team for working so
hard
> to keep Kansas with us.
>
> -----Original Message-----
> From: Walsh, Mark
> Sent: Monday, June 21, 1999 11:47 AM
> To: White, Marge; Edwards, Victoria; Nordsieck, Joe
> Cc: David Bartlett; Katherine Coates; Pamela Cannavan; Tammy Gay
> Subject: More Good News - KU
>
> I received a phone call from Diane Del Buono, FAD at the
> University of Kansas (KU). As you may recall, KU has been under
> tremendous pressure from Sallie Mae to return to the FFEL program.
Sallie
> Mae is of course also located in Lawrence, Kansas. We've been working
> with them for the past 6 months or so, answering questions, and providing
> statistical charts and PowerPoint slides for use in presentations to
> senior KU officials. Diane and her boss clearly wanted to stay in DL,

but
> were in a difficult position due to the discounts offered to their
> students by Sallie Mae, and various incentives offered to the school for
> their business. Diane requested six months from the KU administration to
> see what the market (Direct Loans) would do.
>
> They are delighted with our recent announcement, and it
very
> likely saved this piece of business for us. Diane indicated it is their
> intention to notify the Chancellor that it would be no longer be
> beneficial for KU to switch programs.
>
> Mark

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:23-JUN-1999 16:00:36.00

SUBJECT: Sallie Mae

TO: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TO: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
We are set for a meeting with Peg Clark and Co. on Wednesday, June 30 at 1:00 pm in room 211. She is faxing over some materials, and I will get copies to you whenever they arrive. Please let me know ASAP if this won't work for you. Thanks!

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP [OPD])

CREATION DATE/TIME:24-JUN-1999 19:52:07.00

SUBJECT: Re: Sallie Mae

TO: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP@EOP [OPD])
READ:UNKNOWN

TEXT:
I'll be there.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: KATHLEEN H WARIN <KATHLEEN.H.WARIN@slma.com> (KATHLEEN H WARIN <KATHLEEN.H.WARIN@slma.com> [UNKNOWN])

CREATION DATE/TIME:24-JUN-1999 12:11:32.00

SUBJECT: Meeting

TO: Bethany Little (CN=Bethany Little/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Peg Clark asked me to double check where the June 30 meeting will be held, so if you could let me know, that would be great. Thanks very much.

Any information sent to or from Sallie Mae or its subsidiaries is the property of Sallie Mae. To review the full disclaimer please see http://www.salliemae.com.

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Oberg, Jon" <Jon_Oberg@ed.gov> ("Oberg, Jon" <Jon_Oberg@ed.gov> [UNKNOWN])

CREATION DATE/TIME:25-JUN-1999 17:55:30.00

SUBJECT: RE: Nellie Mae visit to Kennedy CoS

TO: "McLaughlin, Maureen" <Maureen_McLaughlin@ed.gov> ("McLaughlin, Maureen" <Maureen_McLaughlin@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: Broderick Johnson (CN=Broderick Johnson/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Brian V. Kennedy (CN=Brian V. Kennedy/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: "Rogers, Diane" <Diane_Rogers@ed.gov> ("Rogers, Diane" <Diane_Rogers@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Fleming, Scott" <Scott_Fleming@ed.gov> ("Fleming, Scott" <Scott_Fleming@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Veta, Jean" <Jean_Veta@ed.gov> ("Veta, Jean" <Jean_Veta@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Kvaal, James" <James_Kvaal@ed.gov> ("Kvaal, James" <James_Kvaal@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Kelley, Thomas" <Thomas_Kelley@ed.gov> ("Kelley, Thomas" <Thomas_Kelley@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Oberg, Jon" <Jon_Oberg@ed.gov> ("Oberg, Jon" <Jon_Oberg@ed.gov> [UNKNOWN])
READ:UNKNOWN

TEXT:
More....

Scott called Gerry K and we went through the legislative intent, not just what "shall" means. He seemed to be okay with that, saying that no one had told him about any legislative history. His concern shifted to ED having refused to meet with Kennedy's constituents (as reported to him by Sara Davis). We said we knew nothing about any refusals to meet and that we could remedy that immediately.

> -----Original Message-----
> From: Oberg, Jon
> Sent: Friday, June 25, 1999 4:31 PM
> To: Fleming, Scott; Kelley, Thomas; Rogers, Diane; Kvaal, James;
> 'Brian_Kennedy@opd.eop.gov'; 'Broderick_Johnson@who.eop.gov'; Veta, Jean;
> McLaughlin, Maureen

> Subject: Nellie Mae visit to Kennedy CoS
> Importance: High
>
> Potential trouble on DL origination fees....
>
> Nellie Mae and Sallie Mae (Larry O'Toole and Sara Davis) met with Gerry
> Kavanaugh, Sen Kennedy's chief of staff, to complain that ED does not
have
> the authority to reduce DL origination fees.
>
> Unfortunately, Kavanaugh expressed in the meeting that "shall means
shall"
> and that ED would lose in court. (!) Sen Kennedy himself was not in the
> meeting.
>
> Jane said O'Toole represented ED's entire package as being suspect, and
> complained most strongly about the 60 basis points available in-school.
>
> Kavanaugh asked Jane Oates to arrange an ED/Nellie Mae meeting. I said
> we would be available to meet her and Nellie Mae. Who should attend?
>
> The more pressing need is to have someone call Kennedy to make sure he
> stays on board. He has far more constituents who want the cut than those
> who don't. One of the talking points should be that Nellie Mae/Sallie
Mae
> had plenty of opportunity to raise these issues in neg reg.
- att1.unk=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D81]ARMS233255489.136 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

FOIA Number: 2017-1074-F

Clinton Presidential Records Automated Records Management System [EMAIL]

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: p_88455233_opd_html_1.tnf

Attachment Number: [ATTACH.D81]ARMS233255489.136

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Fleming, Scott" <Scott_Fleming@ed.gov> ("Fleming, Scott" <Scott_Fleming@ed.gov> [UNKNOWN])

CREATION DATE/TIME:25-JUN-1999 17:54:54.00

SUBJECT: RE: Nellie Mae visit to Kennedy CoS

TO: Brian V. Kennedy (CN=Brian V. Kennedy/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: "Veta, Jean" <Jean_Veta@ed.gov> ("Veta, Jean" <Jean_Veta@ed.gov> [UNKNOWN])
READ:UNKNOWN

CC: Broderick Johnson (CN=Broderick Johnson/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

CC: "Rogers, Diane" <Diane_Rogers@ed.gov> ("Rogers, Diane" <Diane_Rogers@ed.gov> [UNKNOWN])
READ:UNKNOWN

CC: "Fleming, Scott" <Scott_Fleming@ed.gov> ("Fleming, Scott" <Scott_Fleming@ed.gov> [UNKNOWN])
READ:UNKNOWN

CC: "McLaughlin, Maureen" <Maureen_McLaughlin@ed.gov> ("McLaughlin, Maureen" <Maureen_McLaughlin@ed.gov> [UNKNOWN])
READ:UNKNOWN

CC: "Kvaal, James" <James_Kvaal@ed.gov> ("Kvaal, James" <James_Kvaal@ed.gov> [UNKNOWN])
READ:UNKNOWN

CC: "Kelley, Thomas" <Thomas_Kelley@ed.gov> ("Kelley, Thomas" <Thomas_Kelley@ed.gov> [UNKNOWN])
READ:UNKNOWN

CC: "Oberg, Jon" <Jon_Oberg@ed.gov> ("Oberg, Jon" <Jon_Oberg@ed.gov> [UNKNOWN])
READ:UNKNOWN

TEXT:
Jon and I spoke with Jerry Kavanaugh. He says he simply said "shall means shall and may means may." I made sure he knew where EMK has been on this per Jane. We are sharing with him directly the OGC memo on this authority. We have assured him that we will meet with Sallie Mae and Nellie Mae people -- they said we had refused to meet with them and that set Jerry off.

> -----Original Message-----
> From: Brian_V._Kennedy@opd.eop.gov
[SMTP:Brian_V._Kennedy@opd.eop.gov]
> Sent: Friday, June 25, 1999 5:38 PM
> To: Veta, Jean
> Cc: oberg, jon; fleming, scott; kelley, thomas; rogers, diane;
kvaal,
> james; Broderick_Johnson@who.eop.gov; mclaughlin, maureen
> Subject: RE: Nellie Mae visit to Kennedy CoS

>
> Does Kavanaugh know that Kennedy was pushing for a higher discount?
>

RECORD TYPE: PRESIDENTIAL (NOTES MAIL)

CREATOR: "Oberg, Jon" <Jon_Oberg@ed.gov> ("Oberg, Jon" <Jon_Oberg@ed.gov> [UNKNOWN])

CREATION DATE/TIME:25-JUN-1999 16:29:36.00

SUBJECT: Nellie Mae visit to Kennedy CoS

TO: "McLaughlin, Maureen" <Maureen_McLaughlin@ed.gov> ("McLaughlin, Maureen" <Maureen_McLaughlin@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: Broderick Johnson (CN=Broderick Johnson/OU=WHO/O=EOP [WHO])
READ:UNKNOWN

TO: Brian V. Kennedy (CN=Brian V. Kennedy/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: "Kvaal, James" <James_Kvaal@ed.gov> ("Kvaal, James" <James_Kvaal@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Kelley, Thomas" <Thomas_Kelley@ed.gov> ("Kelley, Thomas" <Thomas_Kelley@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Veta, Jean" <Jean_Veta@ed.gov> ("Veta, Jean" <Jean_Veta@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Rogers, Diane" <Diane_Rogers@ed.gov> ("Rogers, Diane" <Diane_Rogers@ed.gov> [UNKNOWN])
READ:UNKNOWN

TO: "Fleming, Scott" <Scott_Fleming@ed.gov> ("Fleming, Scott" <Scott_Fleming@ed.gov> [UNKNOWN])
READ:UNKNOWN

TEXT:
Potential trouble on DL origination fees....

Nellie Mae and Sallie Mae (Larry O'Toole and Sara Davis) met with Gerry Kavanaugh, Sen Kennedy's chief of staff, to complain that ED does not have the authority to reduce DL origination fees.

Unfortunately, Kavanaugh expressed in the meeting that "shall means shall" and that ED would lose in court. (!) Sen Kennedy himself was not in the meeting.

Jane said O'Toole represented ED's entire package as being suspect, and complained most strongly about the 60 basis points available in-school.

Kavanaugh asked Jane Oates to arrange an ED/Nellie Mae meeting. I said we would be available to meet her and Nellie Mae. Who should attend?

The more pressing need is to have someone call Kennedy to make sure he
stays
on board. He has far more constituents who want the cut than those who

don't. One of the talking points should be that Nellie Mae/Sallie Mae had plenty of opportunity to raise these issues in neg reg.