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## **Nation's Second Largest Student Loan Guarantor Backs President Obama's Student Financial Aid Proposal**

*RANCHO CORDOVA, CA*— The California Student Aid Commission, the nation's second largest guarantor of student loans, during a meeting on April 16, 2009, endorsed President Barack Obama's plan to reform student financial aid.

"The President's plan would end existing subsidized loan programs with the removal of banking institutions from the Federal Student Loan Program. This action provides an unprecedented opportunity to redirect billions of dollars in profits to benefit students," said Commission Chair Barry Keene. "That would make thousands more students eligible for the financial aid for the education they need to advance in this struggling economy. Given the cutbacks at the state level to our colleges and universities, the President's proposal couldn't come at a better time."

According to the Congressional Budget Office, replacing subsidized loans made by private banks with direct government lending would save \$94 billion over the next decade. Under the Obama plan, a portion of those funds would be used to expand Pell grants for California's most needy students.

President Obama's Education Secretary Arne Duncan said, "It's great to have an ally in the lending community who recognizes the larger payoff to society from sending more young people to college. Under this proposal, everybody wins – taxpayers, students and the lending community."

The California Student Aid Commission, in conjunction with its auxiliary, EdFund, is the principal state agency responsible for the administration of financial aid programs for students attending public and private universities, colleges and vocational schools, with more than \$34 billion in loans.

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