Remarks by Don Soifer, Lexington Institute
Policy Forum: “The Future of Student Loans”
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Good morning, welcome, and thank you for making the time in your busy schedules to join us this morning for this important, and timely, policy discussion. I am Don Soifer from the Lexington Institute. I’d also like to welcome those of you around the country tuning in through our live webcast – I hope you will take advantage of the special email account we have set up, lexingtoninstitute@gmail.com, so that you can direct questions to the panel following our opening remarks.

There is a great deal of experience and expertise represented here this morning, accomplished leaders from many different aspects of the student loan world: heads of two prominent university financial aid offices, leading corporate and nonprofit student lenders, a certified public accountant who audits many of the nation’s historically black colleges and universities, and two well-known and widely-published policy analysts. It is my hope that this forum will provide a useful exchange of information, perspectives and policy recommendations that will help to inform our understanding of these vital questions moving forward over the months to come.

In that spirit, I thought the best way I could introduce these complex and involved topics would be to offer a brief overview that might provide some perspective on some of the critical numbers in the debate over student loan policy. I’ll merely mention several briefly, and leave it to our distinguished panel to discuss them in more detail. In ascending order:

1 – Number of federal student loan programs planned by the Obama Administration for the 2010-2011 school year: the Ford Direct Loan Program.

2.8 – Interest rate at which the Education Department currently borrows from the U.S. Treasury.

6.6 – Percent of GDP accounted for by higher education spending, 2004-05.

6.8 – Interest rate for federal loans disbursed after July 1, 2006, with various exceptions.

20 – Percent of federal student loan market borrowed through the Direct Loan program, 2007-08.

26 – Percent of same, 2008-09.

30 – Percent federal student loans comprise of all higher education funding sources in the U.S.

439 **–** Percent college tuition and fees have increased over the last 25 years, almost 3 times the increase in median family income in the U.S. in constant dollars.

185 million **–** Number of new federal student loans the Congressional Budget Office (CBO) expects over the next decade.

40 billion **–** Amount in dollars HR 2331 increases funding for Pell Grants.

47 billion **–** Dollars CBO predicts that proposal will save over the next 10 years, based on risk-adjusted discount rates.

87 billion **–** Dollars sponsors of that proposal argue it will save over the next 10 years, based on initial CBO estimates that did not adjust for risk.

Perhaps that is the best place for me stop, and allow our panel of distinguished experts to take the conversation from here. Thank you.