

**EDUCATION & LABOR COMMITTEE**

**Congressman George Miller, Chairman**

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*Strengthening America's Middle Class*

Wednesday, April 25, 2007  
Press Office, 202-226-0853

**Chairman Miller Statement at Committee Hearing On “Examining Unethical Practices in the Student Loan Industry”**

WASHINGTON, D.C. – *Below are the prepared remarks of U.S. Rep. George Miller (D-CA), chairman of the House Education and Labor Committee, for a committee hearing on “Examining Unethical Practices in the Student Loan Industry.”*

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Good morning and welcome to this morning’s hearing on examining unethical practices in the student loan industry.

Today, we have asked the Honorable Andrew M. Cuomo to provide an overview of his investigation into the egregious practices in the student loan industry, and to share his thoughts for how we may address these issues at the federal level. It is our hope to continue to build upon the good work of the Attorney General.

This hearing comes at a time when it’s getting harder and harder for our nation’s students and families to afford college.

One of the major focuses of this Congress is how to help students and families finance a college education. We have already taken critical first steps to do just that by voting to cut interest rates in half on need-based federal student loans, and by significantly raising the Pell Grant scholarship. We have also introduced legislation to boost financial aid for students – at no new cost to taxpayers – by making the federal student loan programs more efficient.

But as we work to make college more affordable, we also have an obligation to make sure that our nation’s federal student loan programs are working as intended: to help students and families pay for college.

It has become extremely clear that these programs have been hijacked by third parties who are more interested in boosting their bottom lines than serving the best interests of students and families.

Between the conflicts of interest and unethical practices revealed between lenders and schools, to the improper use of the National Student Loan Database, to questionable stock holdings by public officials, we are talking about a system that is spinning out of control.

The blame rests not just with the lenders and individuals who have exploited these programs for profit, but also on this administration.

Its failure to conduct proper oversight or hold the industry accountable has harmed student and family borrowers and taxpayers, all of whom ultimately pay the price for these corrupt practices.

Here in Congress we have launched our own investigation into the student loan industry and the practices and environment that have allowed this corruption to flourish. We are closely examining the relationships and conflicts of interest between these lenders, financial aid officers, and the public officials who are responsible for administering federal student aid.

And given just how little has been done to protect student and families from the abuses in the program, last week I called on the Secretary of Education to immediately take the following actions to eliminate corruption and cronyism within the student loan industry:

- Impose a moratorium on "preferred lender lists;"
- Clearly define and end bribes paid by lenders;
- Require full disclosure by lenders and schools of their relationships;
- Instruct schools and lenders to cease and desist all conflicts of interest; and
- Conduct oversight of Department of Education employees.

I also called on the Secretary to launch a public campaign to educate students and families about their rights and options when borrowing for college, and make public all records of loan industry meetings with political appointees so that the Congress and the American public better understand who at the Department was being lobbied by the industry.

There is no question that congressional action is urgently needed to put these programs back in the hands of students and parents. Earlier this year I introduced legislation, the Student Loan Sunshine Act, that would clean up the relationships between lenders and schools. I hope that what we learn today helps us build on this bill to bring the sea change of reforms needed to this industry.

Ensuring that students and their families can have full confidence in our nation's student aid system is a critical part of our goal of making college more affordable and accessible.

I again want to thank our witness for joining us today and for the important work he is doing on behalf of students and families in New York and across the country. We look forward to hearing his testimony.

Thank you.

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