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Student Loan Guarantee Foundation of Arkansas Signs on the Student Loan Community Proposal

On Tuesday, July 7, 2009, the Student Loan Guarantee Foundation of Arkansas (SLGFA) signed on to the [Student Loan Community Proposal](#) that endorses the core principles of the Administration's reform effort — using federal funds to guarantee the stability of student loan financing, eliminating subsidies to private lenders, and generating historic savings for student financial aid—while maintaining choice, competition, and superior service for students and schools.

The Student Loan Community Proposal will achieve the following:

- ◆ Allow schools to maintain the ability to choose local not-for-profit and state-based agencies to provide originations or servicing in their state
- ◆ Permit current originators to continue to provide origination services if schools or students choose them, eliminating the massive transition risk that comes from requiring thousands of schools to immediately change programs
- ◆ Incorporate “risk sharing” incentives on loan servicing, generating further savings and significantly reducing defaults
- ◆ Expand default prevention assistance, counseling, financial literacy and advocacy programs from guaranty agencies to all students and families
- ◆ Preserve the 35,000 jobs that comprise the existing student lending infrastructure
- ◆ Allow guaranty agencies to provide training and assistance to institutions of higher education regarding student loan programs

Additionally, Congressmen Berry and Ross signed on to letters sent to [Chairman Miller](#) and [Ranking Member Kline](#), expressing concern, “that the abrupt termination of the FFEL program could present several problems to the federal student loan system.”

SLGFA believes the community proposal, along with the concerns of several members of Congress will facilitate and encourage the Administration to evaluate all alternatives for the student loan program. Furthermore, we consider the community proposal to be based on sound principals and feel assured it will aid the Administration in achieving its goals.

For more information on the Student Loan Community Proposal, please click [here](#).

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E-Updates is an electronic newsletter sponsored and operated by the Student Loan Guarantee Foundation of Arkansas (SLGFA) to provide program information to schools and lenders participating in the Federal Family Education Loan Program (FFELP).