



Wednesday, November 12, 2008

Spellings Issues Letter on Expanded ECASLA Implementation

Following Friday's announcement by the Education Department that the agency would implement expanded programs under the Ensuring Continued Access to Student Loans Act (ECASLA), Secretary of Education Margaret Spellings issued a letter Monday that provides further details on how the Department plans to move forward with its replication of the Purchase of Participation Interests (PPI) Program and the Loan Purchase ("Put") Program for the 2009-10 academic year.

According to the letter, "As many know, the U.S. Department of Education (the Department), in collaboration with the U.S. Department of Treasury and the Office of Management and Budget, has implemented two program—the Purchase of Participation Interests (PPI) Program and the Loan Purchase ("Put") Program. Both programs are working exceedingly well...However, additional action is needed to help ensure students have continued access to federal student loans."

As reported in the November 10th Daily Briefing, the Department states that its objectives in implementing the new expanded programs are to:

- Ensure availability of Federal student loans for the 2009-10 school year;
- Maintain the public/private partnership in the Federal student loan program;
- Protect taxpayer interests by adding no net costs to the Federal Government; and
- Provide the liquidity and support needed to stabilize the student loan marketplace.

To address instabilities in the capital markets, Secretary Spellings said the Department intends to provide liquidity support to one or more conforming Asset-Backed Commercial Paper (ABCP) conduit(s) to purchase FFEL Program Loans. She indicated that a *Federal Register* announcement is forthcoming on the terms and conditions on which the Department will purchase FFEL Program loans (Put Program) and participation interest in loans (PPI Program) for the 2009-10 academic year. The *Federal Register* notice will also address the ABCP.

For more information on the Departments plan to expand programs under the ECASLA, see the November 10th Daily Briefing. A copy of the letter issued by Secretary Spellings is included in the expanded version of today's Daily Briefing.

Treasury Secretary Provides Update on Financial Rescue Plan

This morning, Treasury Secretary Hank Paulson provided an update on the financial rescue plan stating the markets were "stronger and more stable" than before Congress passed the \$700 billion plan back in October and regulators began providing aid to troubled businesses.

Paulson acknowledged that before regulators acted, the U.S. economy was at its "tipping point" as credit