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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# SENATE RESOLUTION

No. 289      Session of  
2008

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INTRODUCED BY LOGAN, STOUT, FONTANA, FERLO, ERICKSON,  
WASHINGTON, RAFFERTY, HUGHES, DINNIMAN, MUSTO, ORIE, FUMO,  
PILEGGI, COSTA, MELLOW, TARTAGLIONE, CORMAN, RHOADES,  
TOMLINSON AND C. WILLIAMS, APRIL 8, 2008

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REFERRED TO EDUCATION, APRIL 8, 2008

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A RESOLUTION

1 Encouraging members of the Congress of the United States to take  
2 immediate action with respect to the current student lending  
3 crisis affecting the ability of Pennsylvania students  
4 enrolled in institutions of higher education to obtain the  
5 necessary student aid to further their education.

6 WHEREAS, There is a student loan funding crisis that began  
7 with the recent sub-prime mortgage meltdown and subsequent  
8 turmoil in the capital markets; and

9 WHEREAS, These far-reaching economic problems have now given  
10 rise to a new bond market crisis, which is further compounding  
11 the funding problem for many lenders; and

12 WHEREAS, As a result, student loan providers throughout the  
13 nation are exiting the \$50 billion Federal Family Education Loan  
14 Program (FFELP), while others are being forced to curtail their  
15 activity, seriously jeopardizing the funding plans of millions  
16 of American students; and

17 WHEREAS, Eighty percent of today's college students depend on  
18 FFELP to help them pay for school; and

1       WHEREAS, Without access to sufficient funding, millions of  
2 students will not be able to pay for their college education;  
3 and

4       WHEREAS, The result could be devastating for students and  
5 families, with additional consequences for the higher education  
6 community and the Commonwealth of Pennsylvania's economy; and

7       WHEREAS, The Pennsylvania Higher Education Assistance Agency  
8 (PHEAA) has experienced "failed auctions" in the troubled bond  
9 market for the first time in its history, substantially  
10 increasing its cost of borrowing and putting its ability to fund  
11 additional student loans at risk; and

12       WHEREAS, The focus is first and foremost to protect the  
13 interests of families residing in this Commonwealth, but  
14 everyone must understand that this is a national problem that  
15 requires a national solution; and

16       WHEREAS, Without decisive Federal intervention, the resulting  
17 financial stress placed on students and families could be  
18 disastrous; therefore be it

19       RESOLVED, That the General Assembly of the Commonwealth of  
20 Pennsylvania call for immediate action from the United States  
21 Secretary of the Treasury, the United States Secretary of  
22 Education, the chairman of the Federal Reserve Board and the  
23 president of the Federal Home Loan Bank of Pittsburgh to use all  
24 means and authorities available to them to provide needed short-  
25 term and long-term financial assistance to assure the  
26 availability of student loans to students and families of this  
27 Commonwealth; and be it further

28       RESOLVED, That copies of this resolution be transmitted to  
29 the United States Secretary of the Treasury, the United States  
30 Secretary of Education, the chairman of the Federal Reserve

1 Board and the president of the Federal Home Loan Bank of  
2 Pittsburgh and the presiding officer of each house of Congress  
3 and to each member of Congress from Pennsylvania.