

FOR IMMEDIATE RELEASE
November 19, 2007

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STATEMENT OF SENATOR EDWARD M. KENNEDY ON 9.5% LOANS

WASHINGTON, DC— Today, Senator Edward M. Kennedy, Chairman of the Health, Education, Labor and Pensions Committee, made the following statement in response to the audit report released by the US Department of Education on student loans.

“I’m very troubled by the Inspector General’s finding that AES/PHEAA received at least \$35 million in improper 9.5 percent subsidy payments, and may have received millions more. The Administration should move aggressively to recoup these funds, and AES/PHEAA should immediately put controls in place to ensure that the improper billing cited in the report does not happen again.”

“It’s obvious that we’ve only scratched the surface in terms of revealing the full extent of the 9.5% loan scandal. The Inspector General needs to undertake a full-scale review of every lender that received these subsidies, so students and taxpayers can know which lenders benefited improperly and so the Secretary can recoup all wasteful payments and put the funds back into student aid, where they belong.”

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