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KENNEDY ON 9.5% STUDENT LOAN SCANDAL

WASHINGTON, DC— Today, the U.S. Department of Education informed Congress that seven Federal Family Education Program lenders will be allowed to resume billing for “9.5% loans,” the category of student loans under which lenders are eligible to receive an inflated 9.5% rate of return. The decision follows the completion of audits which identified that the seven lenders hold \$650 million in student loans that are eligible for the 9.5 percent subsidy. Senator Edward M. Kennedy, Chairman of the Health, Education, Labor and Pensions Committee, issued the following statement:

“It’s long past time for the Department of Education to end this scandal. Auditing every lender to identify abuses of the 9.5% provision is a welcome start, but the Department should also insist that every past taxpayer dollar inappropriately paid to the abusers be repaid. I applaud the Department’s Inspector General for opening a new investigation into the 9.5% loan issue, so that the lenders can be held accountable and students and taxpayers can finally learn how much was wasted through this corrupt scheme.”

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