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ABSTRACT

This monograph reviews the role of the states in federal student loan programs since the inception of the Guaranteed Student Loan Program under Title IV, Part B of the Higher Education Act of 1965. Part I examines the program during its first 15 years when the program was experiencing its most turbulent times. State and federal roles were fluid and very often in conflict. Part II looks at the program's growth from 1980 to the present by the use of tables and graphs to display the changes over time in key guarantee agency measurements. Liberal student eligibility requirements and a predictable interest rate structure were primary factors in an explosion of program growth. Graphs illustrate such factors as loan volume, administrative costs, default claims, and other measurements using data reported annually by the guarantee agencies. In Part III, the authors reflect on their experiences with student loan programs over the last 27 years and discuss critical issues in considering policy changes in student loan programs or other higher education finance policies. Policy makers are urged to consider the following aspects of a new program: (1) impact on average indebtedness; (2) unanticipated program demand; and (3) vulnerability to subsequent, unwanted change. An appendix provides additional tables displaying data for the fiscal years 1981 through 1992. (DB)

The Impact of Significant Federal Student Loan Policy Changes and The Role of States in Student Credit

RESEARCHERS:
Carol Wennerdahl
Joseph D. Boyd

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Thomas A. Butts, Executive Director of Washington Office, University of Michigan

Jean Frohlicher, President, National Council of Higher Education Loan Programs

Gerald Gurin, Professor of Higher and Continuing Education, University of Michigan

Natala Hart, Executive Director, Student Assistance Corporation of Indiana and Director of Scholarships and Financial Aid, Indiana University/Purdue University at Indianapolis

Janet S. Hansen, Director of Policy Analysis, The College Board

Aims McGuinness, Director of Higher Education Policy, Education Commission of the States

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Carol Wennerdahl
Joseph D. Boyd
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The Impact of Significant Federal Student Loan Policy Changes and The Role of States in Student Credit

Background

The Guaranteed Student Loan Program (GSLP)[1] has undergone many changes since its first loan was guaranteed in late 1965. During its 27 year history, over 29.4 million borrowers have received 57.1 million loans under the program and its companion guarantee programs authorized in Title IV, Part B of "The Higher Education Act of 1965." Those loans total over $127.0 billion.[2] In the Federal fiscal year ending September 30, 1992, alone, over $14.4 billion in loans were made, representing 11.4% of the past 27 years' guarantee volume.

The Role of the States

Since the inception of the program, States always have played a role in the guarantee of student loans under title IV, Part B. In fact, prior to the enactment of the Federal statute in 1965, fifteen states already had some type of guaranteed student loan program in place. This is a story of the roles which the states have played and of the

[1]Later known as the Stafford Loan Program, and now known as the Federal Family Education Loan Program.

[2]In addition, during the years 1968 to 1984, lenders made 5.47 million loans totalling $7.35 billion under the former Federally Insured Student Loan (FISL) Program.

major federal policy changes which have impacted upon those roles. This paper will offer three different perspectives:

- PART I — THE FORMATIVE YEARS. This section will examine the program during its first fifteen years (1965-1980) when the program was experiencing its most turbulent times. State and federal roles were fluid and very often in conflict. Program growth and direction had not settled into its current patterns of administration and growth until the last year or two of that period.

- PART II — THE GROWTH YEARS. This section will illustrate the program's significant growth from 1980 to the present by the use of tables and graphs to display the changes over time in key guarantee agency measurements. Major legislative changes in the roles of guarantee agencies had ceased to occur by that time, and liberal student eligibility requirements and a predictable interest rate structure for lenders were two primary factors in an explosion of program growth. This section will illustrate that growth in areas of such as loan volume, administrative costs, default claims, and other measurements using data reported annually by the guarantee agencies.

- PART III — THE LESSONS OF THE PAST. In this section, the authors apply their program experiences of the last 27 years in a discussion of some of the issues which require examination when any major Federal policy changes in student loan programs or other higher education finance policies are considered.

Many Points of View

In Part I, this paper will identify some of the major changes in program policy which impacted on the role of states in the student loan program. It also will offer some discussion about why those changes were adopted and—where the consequences of those changes were other than what the framers of those policy changes intended them to be—examine those results. In preparing for this study, the researchers found substantial unanimity among contemporaries of those changes only with respect to the legislative and regulatory texts of those changes. Opinions concerning why certain changes were adopted—and whether they achieved their goals—often depended on which interest group the speaker represented. Further complicating the authors' task is fact that, after all the public hearings and debates were concluded, many important policy negotiations and legislative drafting often took place privately among a few key members of Congress, Congressional staff and—if he or she were very fortunate—a legislative representative of one of the program's interest groups.

One Version of History

There will be those who read the accounts in this document and remember the circumstances leading to a major policy change differently. There are, of course, the "official" reasons for policy changes which were published in the *"Congressional Record,"* hearing records, and Administration bulletins. However, oftentimes the agendas were more complicated than the published reasons of "administrative efficiency," "reduction of fraud and abuse," "budgetary savings," and "increased access to financial aid for America's students." A version of one or more of the forgoing reasons have been used to defend virtually every major change in policy since the inception of the program, and for good reason—they all are admirable objectives. However, on occasion, they did not always tell the entire story, and they often were embraced with equal vigor by those on all sides of an issue, regardless of other motives. Some of the accounts contained herein were gained from confidential interviews with participants in the policy process and others come from the authors' own memories.

The Authors' Perspective

The authors were active participants in much of the policy change process from 1965 to 1980. During those early years the new program faced many crises, including changes to its basic mission of who the program should serve. It also suffered from a fixed interest rate structure which occasionally did not even meet lenders' costs of capital and which reduced loan availability drastically during those periods. It also witnessed the birth and deaths of several guarantors. The authors served in those years as executive director and loan program director of a major state financial aid agency. In addition to that perspective, one of the authors, as legislative liaison for the National Council of Higher Education Loan Program (NCHELP) between 1973 and 1980, had the opportunity to participate in a few of those meetings on Capitol Hill where only three or four gathered in small offices to negotiate last-minute compromises and draft legislation.

However, for the last decade, both authors have been independent consultants in the field of higher education finance, with no relationship to any interest group currently engaged in debate over the future of the guaranteed student loans. It is from this latter perspective that they hope to present an accurate and balanced analysis—to the extent human memory and sometimes scarce written documentation will permit—of some of the events that happened over the first 27 years of the program.

Part I
The Formative Years

The Beginning
"The Higher Education Act of 1965"

The Original Program Purpose

The Guaranteed Student Loan Program was enacted on November 8, 1965. The reasons for establishing this new program were clearly stated in the legislative history which was published with the new statute. It read in part:

> It is well known that the financial burdens families now face, if they are to provide education for their children, are becoming increasingly heavy. The reasons for this are evident.
>
> 1. The amount of education needed by young people is increasing steadily.
> 2. Educational costs and the charges made to students have grown steadily, in the past decade increasing faster than average incomes.
> 3. The demand for or the expectation of other consumer services has been growing and these demands compete powerfully for the increase in family earnings and disposable income.
> 4. There has been an increase in the number of children per family, particularly in the middle-income range.

5. There is a growing necessity for intermittent reeducation of the parents throughout their lifetimes, both for social values and occupational retraining, which may interrupt earnings and reduce savings.

As a result of these influences, the financial pressure now bears heavily not only on the low and lower-middle income families but also on middle and upper-middle income families who only a few years ago would have been adequately capable of paying for their children's education.

The purpose of this new program—and the population it was to serve—was made even more clear in a later paragraph in the same document where the term "loan of convenience" was used in describing the loans made under this new program. It said:

> To cite these facts is not to contend that these middle-income families should be relieved of responsibility for paying the costs of higher education for their children. It is rather to suggest that this heavy concentration of expenses should be spread out over more than the 4 years of college through the "loan of convenience" described in part B of title IV. Helping the middle-income student and his family to bear the heavy brunt of college costs would seem to have a reasonable claim on a share of our national commitment to offer every child the fullest possible educational opportunity.

This was a new concept in student financial aid. Eligibility for most other financial aid resources was determined by subtracting a computed[3] "expected family income" from educational costs in determining the borrowers' eligibility for such aid. The 1965 legislation permitted students from families with adjusted incomes of less than $15,000[4] to borrow the amounts which financial needs tests determined should be the contributions from their families.[5] Those students also were eligible to have the federal government pay the 6% interest which accrued on the loan while they were in school. Students from families with incomes higher than $15,000 were eligible to borrow the same amounts, but they required to pay quarterly the 6% interest which accrued on the loan while they were in school.

[3]Standardized financial needs tests had been gaining wider use and acceptance over the previous decade.

[4]A 1965 income of $15,000 would be equivalent to a 1991 income of almost $65,000 if adjusted by the Consumer Price Index (CPI).

[5]Not to exceed costs of education minus other sources of financial aid.

Guarantee Agencies

Existing Models for the 1965 Legislation

In 1965, when considering what form a new loan program for middle income borrowers should take, the Congress and Administration already had several models to study. A student loan program authorized by the National Defense Education Act (NDEA)[6] had been operational for several years on almost all eligible campuses, and an expansion of student eligibility under that program was considered briefly. However, it contained two features which were considered drawbacks at the time: (1) the Federal government would have had to appropriate all the lending capital, and there was concern that the schools could handle the administration of a greatly expanded program.[7]

Also in existence prior to the 1965 legislation were several guaranteed student loan programs. As illustrated in the following table, fifteen states and United Student Aid Funds had adopted programs where private capital, guaranteed by a state or private agency, was loaned to students.

[6]Initially so named because it was enacted in response to the Soviet Union's apparent early lead in the space race with the launching of Sputnik. The program later was named the National Direct Student Loan Program, and now bears the name of the Perkins Loan Program in honor of the late Carl Perkins, former chairman of the Committee on Education and Labor of the U.S. House of Representatives.

[7]In the NDEA program, the government appropriated the funds and then allocated to each participating school a portion of the available dollars. The schools functioned as lender, servicer, and collector, although many contracted with banks or other organizations to perform some of those duties.

Table A	STATES[8] THAT GUARANTEED LOANS PRIOR TO THE HIGHER EDUCATION ACT OF 1965				
1.	Connecticut	1965	9.	North Carolina	1963
2.	Georgia	1965	10.	Ohio	1962
3.	Louisiana	1964	11.	Pennsylvania	1964
4.	Massachusetts	1956	12.	Rhode Island	1960
5.	Michigan	1962	13.	Tennessee	1963
6.	New Hampshire	1962	14.	Vermont	1964
7.	New Jersey	1960	15.	Virginia	1961
8.	New York	1958			

Source: 1981 GSLP State Agency Survey, National Council of Higher Education Loan Programs.

Encouraging the Formation of New Agencies

The legislative history published with the 1965 Act stated that one of the purposes of the Act was to offer "maximum encouragement and assistance to States to establish State loan insurance programs, and if a State is unable to do this, offers similar assistance to nonprofit institutions and organizations." This encouragement primarily took the form of "seed money" appropriated in the amount of $17.5 million. States were to place these dollars in a reserve fund from which to pay default claims. These funds[9], in conjunction with an agency's reserve ratio, determined an individual agency's "guarantee capacity." Reserve ratios, which varied from 8:1 to 12:1 (with 10:1 being the most common) represented contractual agreements between an agency and it's lenders. An agency with a 10:1 reserve ratio was obliged to keep in reserve a dollar for each ten dollars guaranteed. This limitation on guarantee capacity was to cause serious problems for many agencies in the next few years.

[8]In addition to these states, United Student Aid Funds, incorporated in 1960, also was guaranteeing student loans.

[9]In the case of some state guarantee agencies, these federal funds actually constituted a very small part of their reserve funds, with most of the funds in those states being comprised of dollars appropriated by the states or received from other sources.

Private, Nonprofit Guarantee Agencies

The new legislation provided that, where a state did not have or create a guarantee agency, the Commissioner of Education was to offer reserve funds earmarked for that state to a private, nonprofit guarantee agency to serve as guarantor for that state. For all practical purposes, in 1965, that meant United Student Aid Funds (USAF) in almost all cases. Approximately a dozen states made the choice not to establish a state guarantee agency, and USAF became the guarantor of record for those states.

Different Borrower Eligibility Criteria

The guarantee agencies which existed prior to the 1965 legislation had a lot in common, but there also were a vast array of differences. Some did not guarantee 100% of the lenders' default losses. Some were financial need-based, and there were varying maximum loan amounts. Some did not serve freshmen, or all eligible educational institutions. The 1965 legislation did not erase all of those differences, but did set some minimum standards an agency must meet in order for their borrowers to be eligible for the new federal interest benefits. These standards included the following requirements, among others:

1. authorizing the insurance of up to $1,000 but not more than $1,500 in loans per student per academic year;
2. authorizing the insurance of loans to any individual student for at least 6 academic years of study and providing insurance under the program for a loan for any year of study at an eligible institution;
3. assuring that students from families with adjusted incomes under $15,000 will not be denied access to a loan because of lack of financial need; and,
4. insuring at least 80 percent of the unpaid principal of loans insured under the program.

These new standards met with varying degrees of resistance from the existing agencies, but eventually most adopted them. Some were willing to let the Federal government keep their reserve fund "seed money" (a fraction of their existing reserve fund for some agencies). However, the potential sacrifice of the new interest subsidies for borrowers was too great for most agencies to consider. Even after conforming to the standards required by the new Federal law, the agencies faced frequent criticism for from the educational community (especially those schools who served a multi-state student body) for the confusing array of differing eligibility requirements and loan maximums. In fact, regardless of their levels of service or administrative efficiency, this lack of standardized eligibility requirements continued to be the one major source of criticisms leveled at guarantee agencies for the first ten years of the program until the issue was essentially settled by the Education Amendments of 1976.

Educational Institutions

In 1965, almost all student financial aid was campus-based. In their positions with a state student aid agency,[10] the authors had frequent contact with many financial aid officers. Most financial aid officers in those early days of the program made no secret of their objections to the structure of the new program. The criticisms were varied. As previously stated, some financial aid officers who served a multi-state student body were angered that the Federal government did not enforce more uniformity among guarantee agency application forms and eligibility requirements. Others felt that if the state and federal governments had "money to throw around," they should increase the amounts available in need-based financial aid programs and scrap the "loans of convenience." Others quite openly objected to the involvement of commercial lenders in a financial aid role that they thought should be exclusively theirs'. The new relationships formed in 1965 among guarantee agencies, financial aid officers, and commercial lenders were often turbulent—especially in those states that did not have already established guaranteed student loan agencies.

Commercial Lenders

Lenders' Participation in Designing the 1965 Legislation

It was not only the states in 1965 who were eager for the government to adopt the guaranteed loan model for the new middle income loan program. Commercial lenders also had an interest how the new middle income student loan program was formed,

[10]Which administered a very large state grant program in addition to the student loan program.

and that interest was represented by Charls Walker[11] of the American Bankers Association who worked—along with others—with the Congress and Administration to establish the new program's design.

The Lending Community in 1965

In 1965, commercial lending landscape was considerably different than today. The country still had many small, independently-owned banks who primarily served the needs of their community. They certainly represented the largest segment of membership in most banking organizations by institutional count, if not also by institutional asset base. The days of massive, interstate banking institutions serving consumers nationwide were still in the future.

Many of these community banks to whom the authors spoke in 1965 claimed they less concerned about the establishment of a new guaranteed student loan program as a new source of profits than they were about keeping the federal government out of consumer lending. They were willing to concede to government agencies the provision of services to disadvantaged citizens, but middle income families represented "bread and butter" income sources to many neighborhood banks, and they were concerned that a student loan program might only be the first of other government programs to their middle income clients.

Lender Profitability

Whether or not this program was intended to be a profitable one for lenders is open to interpretation. The legislative history document published with the 1965 statute includes the following statement:

> The success of any insured loan program must depend in great measure upon the good will and cooperation of the private lending institution who will make the loans—irrespective of whether the insuror be a private, a State, or a Federal Agency. *These loans are made at no profit to the lenders* (emphasis added).

[11]Mr. Walker later became Deputy Secretary of the Treasury under President Nixon after which he founded a Washington lobbying firm.

However, the legislation also established the rate to be paid to lenders at 6%, a rate which was approximately 1.5% above the prime lending rate at the time of Congressional deliberation. This interest rate spread seemed to indicate that the framers of the legislation did not envision that the lenders would be making the loans available at a loss either. That spread also was to be the interest yield target for later legislation.

There is no question that most guarantee agencies solicited lender participation in the early days on the basis of service—whether service to customers or service to their communities. Indeed, there were lenders who participated only to make loans to existing customers, especially during those times when the yield on student loans was significantly below the prime lending rate. However, guarantee agencies didn't discourage lender participation on that basis in the early years. Each loan made by such lenders diminished the pool of students applying for the limited funds from institutions with less restrictive lending policies.

The Federally Insured Student Loan Program

Although the 1965 legislation clearly stated as a major purpose the creation and strengthening of state and private, nonprofit guarantee agencies in all states, it also contained the seed of the failure of this objective—a program of direct federal insurance for lenders. The legislative history published with the statute made it clear that this direct program of insurance was a "standby" program "in the expectation that State and private nonprofit programs will meet all needs..." It further said that "nothing should be done by the Federal Government to disturb or threaten State and private arrangements for insuring loans for students." However, as will be shown in the next section dealing with the years 1966 to 1971, the goal of state or private, nonprofit agencies serving all 50 states was realized only briefly before almost half of the states abandoned their agencies in favor requesting the Commissioner to establish a program of direct federal insurance in those states.

1968 to 1971
Guarantee Agencies vs. the FISL Program

Additional Reserve Funds and Diminishing Guarantee Capacities

In the early days of the program, each guarantee agency's guarantee capacity[12] was determined by the size of its reserve fund and its reserve ratio[13]. Those states whose reserve funds were comprised solely of their shares of the $17.5 million "seed money" authorized by the 1965 act quickly ran out of capacity to guarantee additional loans.[14]

In the first couple of years of the program, state participation generally could be divided into four broad categories:

1. Those who had guarantee agencies pre-dating the 1965 legislation. State fiscal contributions toward the support of those agencies generally remained the strongest among the states during the first ten years of the program.
2. Those who established a state guarantee agency (either a new agency of the state or an existing state agency with an expanded mandate) and supported its activities with the ongoing appropriation of state general revenue funds, as needed, for administrative costs and/or reserve capacity.
3. Those who, like group #2, established a state guarantee agency, but did not contribute any state general revenue funds toward their support, or contributed only very limited initial funds. In the case of a few of these agencies, a state agency functioned as a guarantor of record, but the servicing was done by United Student Aid Funds

[12]The dollar value of guarantees it may have outstanding at any one time.

[13]The number of dollars which may be guaranteed for each dollar in the reserve fund. The most common reserve ratio was 10:1.

[14]In later legislation, an additional $12.5 million in Federal "seed money" for agency reserve funds was authorized, but was available to agencies only on the condition that individual states match the federal contribution to their fund.

4. Those who would take no role in the creation of any guarantee agency nor provide any fiscal contributions. The federal reserve funds for those states were given to United Student Aid Funds for the purpose of providing guarantees in those states.

Those who fell into categories #3 and #4 above were the first to run out of reserve capacity. In August of 1967, the "standby" Federally Insured Student Loan Program was implemented in the state of North Dakota. Within the next two years, approximately one-half of the 50 states followed suit, and that status remained fairly constant until after the Education Amendments of 1976 were adopted. After considering the fifteen guarantee agencies which pre-dated the 1965 legislation, the incentives contained in the Education Amendments of 1965 succeeded only in generating the creation of approximately ten new agencies which withstood the pressures of the first few years of the program.

Federal Reinsurance

As was stated earlier in this paper, guarantee agencies which were in operation prior to 1965 often had various student eligibility restrictions ranging from financial needs requirements, lack of freshmen eligibility, and low loan limits. Without debating the merits of these restrictions, they did have the function of restricting loan guarantee volume within each state to those magnitudes which that state governments were willing to support with their general revenue funds.[15] With the new requirements of the 1965 legislation,[16] even some long-established agencies began to reach the limits of their guarantee capacity. The choice facing these states was either to (1) increase significantly the amounts of state appropriations because of these new federal requirements, or (2) let the Federal government bear the entire administra-

[15]Student insurance premiums were charged by some agencies in the earlier days, but they were modest amounts and generally available only for the payment of default claims with any interest on those funds being available to defray a portion of administrative costs. In the 1960's, some states—especially those already supporting large state grant programs—were adamantly opposed on philosophical bases to charging student aid recipients for financial aid services. For those agencies who charged premiums, the amounts received could not fully support all the functions of those agencies in the long term.

[16] That an agency guarantee certain minimum loans to every eligible borrower with no restrictions concerning financial need or academic year.

tive and default costs of these requirements by requesting the implementation the FISL program.

Additional Federal appropriations for agency reserve funds were sought by the remaining guarantee agencies in 1968, but the Administration declined to support any further appropriations for that purpose. Instead, they offered to support legislation which have the effect of expanding the agencies' guarantee capacity without requiring the immediate appropriation of Federal dollars. At the time, an Administration official told one of the authors of this paper that the primary purpose for choosing this alternative solution was to "substitute Federal credit for Federal dollars." This appealed to Administration budget officers in that it did not require the immediate appropriation of Federal dollars which would then sit unused in agencies' reserve accounts for unspecified periods of time before they were actually needed for expenditure in payment of claims to lenders. It also must have been apparent to those same people that the choice really was not between providing additional reserves or providing some form of reinsurance. Rather, the choice actually was between providing some funds to increase agencies' guarantee capacity or having to fund 100% of future losses and administrative costs in those states under the FISL program as more state budget officers questioned the need to bear 100% of program losses and costs beyond those supported by the initial federal contributions to reserve funds.

The federal reinsurance provision which became law in 1968 authorized the Commissioner of Education to reimburse a guarantee agency for 80% of the losses incurred by it in the discharge of its insurance obligation. This, in turn, entitled the Commissioner to "his equitable share" of subsequent payments collected from defaulted borrowers. While this reinsurance provision came too late to save the former agencies who had exhausted their guarantee capacities and ceased operation in favor of the FISL program in their states, it did have the intended effect in the case of those agencies still in operation. As an example, in the case of an agency who had a $10 million dollar reserve fund and a 10:1 reserve ratio, its guarantee capacity prior to reinsurance was limited to $100 million in loans outstanding. With the advent of reinsurance, which reduced that same guarantee agency's net liability to 20% of its default losses, the agency's guarantee capacity was effectively multiplied by a factor of five. Overnight, this gave the agency with the $10 million dollar reserve fund a guarantee capacity of $500 million instead of the previous limit of $100 million.

Guarantee Agency Incentives: "The Carrot and the Stick"

Questions concerning state responses to the financial incentives offered in Federal legislation in the years 1965 through 1968 generally fell at opposite ends of a continuum. Some asked why more states didn't take advantage of the federal "seed money" for reserve funds and establish—and continue to support—a guarantee agency. Others asked why any state would choose to accept Federal funds to pay for a small portion of the costs, when the Federal government would pay all the costs of a guarantee program in their state if they did nothing. It is easiest to explain the behavior of those states who chose to forego the establishment of a guarantee agency. They did not see the choice between the carrot ("seed money" and student interest subsidies) and a stick (a penalty or loss if they didn't establish an agency). As one state official contemplating the establishment of a guarantee agency explained the issue: "They're offering us a choice between a carrot and the whole salad!"

Less easy to explain are the choices of those states who did not to implement the FISL alternative in their state. The reasons varied considerably from state to state. It is easy to attribute the refusal of some states to adopt the free Federal alternative to furious lobbying by entrenched guarantee agency staff protecting their turf. However, most of those guarantee agency staffs had to take their fiscal needs each year to state budget officers and state legislative committees, and few of those staffs wielded enough power within their own states to assure automatic funding of their requests. These states' decisions are better understood in terms of the relative contributions of state and federal governments toward the financing of higher education in each state in those early years of the program. The states who created strong guarantee agencies prior to the 1965 legislation[17] were often also states with significant student grant programs. In those states, state student aid programs were significantly greater than federal student aid programs, and when one also added the

[17] In addition to others who were actively considering guarantee agencies whether or not the Higher Education Act of 1965 became law.

funds contributed by states to their public sectors to provide affordable tuitions, the state contributions dwarfed the Federal offerings.

In those states, student loans—along with state grants and tuition policies—were part of their states' coordinated higher education financing policies. Each of those states struggled with differing population needs and decisions as to how to apportion their sizeable annual investment among student grants, student loans, or direct tuition subsidies. In light of the considerable disparity between state and federal investment levels in higher education, many of those states considered the Federal government a very junior partner when it came to financing higher education in their states, and felt the Federal government should behave like a junior partner and respect a state's decision to put more of its own limited funds into its grant program or other higher education investment rather than into increasing its reserve capacity to accommodate new students to whom the Federal government demanded they extend eligibility for loans. In those states, conscious decisions were made to retain the administration of student aid programs (including the loan program) at the local level for purposes of continued coordination among the programs. Also the costs associated with the program in the very early years still represented a small proportion of most states' higher education expenditures. However, by the early 1970's, many state budget officers were reconsidering the viability of moving the growing costs of its guarantee agency completely on to the Federal budget.

The authors of this paper gained another significant insight as they occasionally had the opportunity to consult with officers and legislators of other states as they were considering how to respond to the student loan program options they were facing. Some decisions were made to establish or keep a guarantee agency in a state for the simple reason that state officers did not trust the Federal government to follow through with continued support of the program. Many cited past experiences with other programs (not associated with higher education) which caused them to not trust in long-term Federal commitments. They were not ready yet to sacrifice functioning state delivery systems for a Federal system which might turn out to be temporary. However, as time passed—and the FISL program continued to operate in surrounding states—these decisions were being re-evaluated by many states.

Program Interest Rates

As soon as the 1965 legislation was passed, the 6% interest rate authorized by that statute was obsolete. There were several legislative attempts to remedy the problem, but just as soon as a new student loan rate was adopted, general commercial interest rates climbed above it. Interest rates on student loans went from 6% to 7%, then a 1% federal cost allowance for lenders was adopted, and then an increase in the cost allowance ceiling to 3% was legislated. This constant change impacted lenders both on a cost level and a yield level. Many of the lenders in the late 1960's were small, community-based institutions which were not equipped to handle the technical demands of a program where a single borrower had multiple loans of differing base interest rates and differing levels of Federal subsidies within those rates. It was especially complex for these lenders to convert the loans into a single repayment note where the federal government would be paying part of the interest in repayment on a student's freshman loan, none of the interest in repayment on the student's sophomore loan, and a special subsidy on top of the base rate on the student's junior loan.

Many states tried to compensate for these difficulties in various ways. But the 1965 legislation limited their creativity. Before the Higher Education Act, a state could react by changing interest rates on its loan program or by modifying other components of their programs in other ways to accommodate other changing needs of lenders, schools, or students in their state. Under the new restrictions, many had to watch as loan availability—which they could previously regulate to a large extent—dwindled in the face of rising interest rates outstripping fixed program yields. It was during these periods that agencies which could get the necessary funding from their state legislatures paid state interest subsidies to lenders, established state secondary markets, or other creative means of stimulating lender participation.

The Program Crash of 1972

In 1972, Congress adopted an amendment introducing a financial needs test into the program. This brought the program to a virtual halt a very few weeks before college enrollment dates, and not too far in advance of a Presidential and Congressional election. This was not their intent.

The legislative amendment that caused all the problems actually was only a change in the eligibility for federal interest subsidy, which—when combined with some of the program realities present in 1972—caused the loan availability to cease virtually overnight. In 1972, a student who was not eligible for interest subsidy generally had a difficult time finding a lender willing to make a non-subsidized loan, except in rare circumstances. This close link between subsidy eligibility and loan availability was due to many factors—most of which could be traced to the increased administrative costs associated with these unsubsidized loans at a time when many lenders were claiming that they couldn't even cover their costs of capital and servicing given the current the yield they received on the subsidized loans.

At the time the amendment was passed, many proponents of the needs test were taking the position that the lenders were receiving adequate compensation for their participation and that lenders' objections to the new law was merely an attempt to protect their program profits. However, regardless of the sympathy one felt toward the lenders' claims that they were losing money on program participation, there was some justification for their claims that the policy-makers had employed a classic "bait-and-switch" ploy in their attempts to create lender participation in the program. Most lenders signed participation agreements with the understanding that this program was primarily for "loans of convenience" to families who generally fit their current client profile. The fact that borrowers from these families generally constituted a lower default risk contributed to keeping the servicing costs down, and even if the profit margins were low or non-existent, the loans represented a service lenders used to retain or attract clients who would use other banking services. Lenders were understandably outraged after the 1972 legislation when they were publicly criticized for not embracing the higher risk (with higher servicing costs), low income students who policy-makers had declared were the new beneficiaries of the low interest loans which now would be denied to many of their clients. The result was predictable—in fact, was predicted by many.

While the amendment had nothing to do directly with the status of guarantee agencies in the law, it was very important in establishing the future role which guarantee agencies played in the shaping of program policy during the remainder of the 1970's. Before the passage of the 1972 amendments, Congress had relied on the Administration as their primary source of technical information and policy advice concerning the student loan program, and the advice of guarantee agencies often was not considered seriously. To be sure, the guarantee agencies bore some responsibility for this. They often were divided on how to resolve some of the program problems, and they took their differences into the public arenas. Rather compromising with each other in private, then speaking in one voice to the Congress, they sometimes spoke loudly and publicly in many conflicting voices. On the other hand, there were those in the Congress and Administration that simply believed guarantee agency representatives could not be credible policy advisors because they could not be counted upon to advise against their own self-interest under any circumstances.

After the fact of the 1972 program disaster, it was remembered that the guarantee agency evaluation of the pending 1972 legislation was virtually unanimous and very vociferous. It also was remembered that the Administration was the strongest supporter of the needs test, and after the passage of the 1972 law, interpreted the new amendment in a manner expressly contrary to the intent of the Congress. It was one of the major causes of the Congressional shift from the Administration to the guarantee agencies as its source for technical program information and advice. That Congress was angered by the Administration's interpretation of their law was made quite clear by the Conference Report language which accompanied the Education Amendments of 1974. It read:

> The Committee amendment also amends language adopted in the Education Amendments of 1972 *which has been interpreted by the Department of Health, Education, and Welfare at variance with Congressional intent* [emphasis added]. Specifically, the provision clarified by the Committee amendment, contained in section 428(a)(1) of the Higher Education Act of 1965, as amended, has been administered by the Department as if it required a needs test of all applicants for a subsidy on interest on the Guaranteed or Federally Insured Student Loan. This was certainly never the position of the Senate, nor, the Committee believes, of the Conference Committee on the Education Amendments of 1972.

In fact, the legislation was given a second chance to work before the Congress intervened in 1974. With some hope that the problem with loan availability in 1972 was largely attributable to the confusion caused by the few days between enactment and implementation of the legislation, Congress passed emergency legislation to roll back the changes until March, 1973, to give the Department of Health, Education and Welfare more time to properly implement the changes. Those few months were fraught with battles over interpretation between the Administration, key members of Congress, and a myriad of other groups having interests in the program. Privately, most of the guarantee agency representatives felt that the legislation was drafted very poorly. They also felt that the Administration had the stronger case for its interpretation, although the Administration was given broad permission and protection in other Congressional documents to choose a more liberal interpretation. But while the Administration claimed that they were powerless to adopt any other interpretation than the one they made, guarantee agency representatives believed that the Administration only followed Congressional intent scrupulously when implementing a policy that they favored[18]. The Administration's opposition to subsequent legislation which re-established some of the pre-1972 eligibility criteria made clear that no one has misunderstood their position on the matter of the desirability of shifting the target population of the loan program from middle income to low income families.

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[18] As a case in point, most guarantee agencies felt that the Administration staff who served the dual role of running the FISL program and overseeing the guarantee agencies not only totally ignored the Congressional intent that they should be encouraging the establishment and growth of guarantee agencies, but they were actively encouraging state officers to invite the FISL program to replace existing agencies. To be fair, the guarantee agencies never found a "smoking gun" providing positive proof that someone from the Administration undermined a guarantee agency in its own state.

But even with this additional time for preparation, in a loan program status report dated December 20, 1973[19], then Commissioner of Education John R. Ottina, reported that the number of loans since March 1 was down about 35%. Subsequent fiscal year loan numbers, never robust in the late 1960's and early 1970's, stayed below their pre-1972 levels until the Education Amendments of 1976 were adopted. Lenders in guarantee agency states and FISL states reacted similarly to the 1972 legislation. However, guarantee agencies had greater success in rebuilding lender support after the near collapse of the program. Among the reasons was the fact that the agencies were telling their lenders that they understood their problems and were working to correct the situation while the Administration was trying to convince their FISL lenders that the 1972 legislation was good policy. This difference in the lender support in guarantee agency and FISL states also had am impact when Congress was considering the reauthorization of the program in 1976.

[19]That date would be approximately six months after the needs test in the "Education Amendments of 1972" was reinstated following the Congressional roll-back of the effective date.

New Guarantee Agency Incentives - 1976

Full Funding of Guarantee Agency Costs

It probably is true that the guarantee agencies benefitted more from the Education Amendments of 1976 than any other higher education group. The package of incentives for the creation and support of guarantee agencies included, among other things:

- 100% federal reinsurance of default losses (with some conditions attached);
- an administrative cost allowance to cover costs of operation;
- permission to keep up to 30% of collections on defaulted loans to cover costs associated with that function;
- additional "seed money" for default reserve funds

For the first time since the inception of the program in 1965, it would be possible to establish a guarantee agency and fulfill all the responsibilities of that agency with 100% federal funds. There are many different reasons why the guarantee agencies achieved so many legislative victories that one year. Following is a partial list:

Parity Among All 50 States

The manner in which the members of the National Council of Higher Education Loan Programs (NCHELP)[20] framed their legislative request made no small contribution to its success. When NCHELP members considered their legislative strategy prior to the 1976 legislation, there was some support among them for asking for specific new benefits such as 100% reinsurance. However, the position which was finally supported by the majority of members was simply to ask for parity in the funding of the program in all 50 states. It was not only the fairness of the position that appealed to many members of Congress, it was the practical realization that the 50 states could have 100% of the funding of their programs any time they chose by

[20]This was the organization representing state and private, not-for-profit guarantee agencies.

simply abdicating their roles and letting the FISL program be implemented. The fact of the matter was that budget officers in many states that had large and stable guarantee agencies were, by the mid-1970's, very seriously considering that alternative to relieve state budget pressures.

For that reason, the basic legislative position of NCHELP was to seek the removal of financial considerations as a factor in the choices a state had to make when choosing a guarantee agency or the FISL program. At least among key members and staff in the House of Representatives, the decision as to what program costs should be born by the states was not made easily nor early in the legislative process. NCHELP legislative representatives were told some weeks before that the concept of parity was accepted, but that related decisions were still under discussion.

That indecision was easy to understand, because the NCHELP membership itself was not in full accord on the proper level of Federal investment in the program. Some NCHELP members wanted full 100% federal funding of all their costs. Others felt the minimum the Congress should do was reduce the FISL guarantee to lenders from 100% to 90%, with the clear understanding that the states in question would have to either make their lenders whole by contributing the remaining 10%, or would have to accept the reduced loan availability which a 90% guarantee would cause. There were members of NCHELP who had concerns about the long-term impact of full Federal funding on guarantee agencies. Some were concerned that full funding would remove the agencies' last legitimate claim to any autonomy whatsoever. Others were concerned that benefits like 100% reinsurance and full reimbursement for costs might cause some of their colleagues to be less than diligent in their default prevention efforts and in efforts to keep administrative expenditures within reasonable bounds—which could undermine future position of all agencies.

In the end, the decision to fund the guarantee agencies at 100% was made because key members of Congress were not willing to reduce the benefits of the FISL program which already was operating in 25 states. There are those in Washington and elsewhere who will always believe that 100% funding was the real objective of NCHELP from the beginning and that "parity" argument was just a means of achieving it. However, that was not the case in the majority position among NCHELP members.

The FISL Program

It was not so much that, in 1976, the guarantee agencies represented a uniformly efficient and cost-effective manner of program administration. Some guarantee agencies represented just that, but individual members of Congress knew from their constituents that a few guarantee agencies were poorly administered and unresponsive to constituent needs. One member of Congress phrased his dilemma to one of the authors of this paper in a manner approximating the following: "We can go with legislation which tries to establish 50 guarantee agencies and have geographical areas of good service and other areas of poor service or we can choose the FISL program and have uniformly poor service nationwide." Of course, the guarantee agencies did nothing to discourage that conclusion.

In fact, members of Congress had been hearing complaints about the student loan program from many constituents over the previous two or three years. Some of those complaints were targeted at the FISL administrators and some of them targeted at individual guarantee agencies and the guarantee agencies' representatives to Capitol Hill heard many of those complaints in turn from the members of Congress. However, by sheer weight, the greatest volume of complaints seemed targeted at the FISL program. Members of Congress kept hearing about desperate access problems in the FISL program, but were confused by the periodic loan volume reports which were showing that the loan volume in the FISL Program was keeping pace with the volume in the guarantee agency states-which served a much bigger population of eligible students[21].

One significant turning point came when guarantee agency representatives started circulating an administration loan volume report which demonstrated that one-fourth of the national FISL volume in FY74 was being generated by three proprietary home-study schools. Shortly after that, comparative default figures for the FISL states and guarantee agency states began to surface. While guarantee agencies generally serviced their share of proprietary schools, the massive home-study schools presented a unique problem. The three schools cited above all were based in one

[21]A chart showing the comparative volume of FISL and guarantee agencies for the years 1966-80 is included on the last page in this section.

state and had a combined annual loan volume many times the annual volume of the guarantee agency in that state. Understandably, in those days of less than 100% Federal reinsurance, the state's legislature was not eager to underwrite any portion of a huge, high-risk home-study school volume where most of the applicants would be neither residents of the state nor physically present in the state for their academic training.

Private opinions among guarantee agency directors varied as to why the FISL administrators allowed the home-study school problem to get out of hand, for there were regulatory options open to the Administration, some of which were eventually adopted. But in these earlier days, the proprietary schools were able to offer without penalty financial inducements to lenders which traditional educational institutions could not afford to match. Further, in the opinion of many, the Administration did not address the "tuition rebate" issue early enough. When they did, it immediately stopped some of the more entrepreneurial practices[22] of the schools. Some of the more suspicious guarantee agency directors thought the FISL program encouraged the great amount of high-risk loan volume to mask the severe problems the program was having in generating loans to serve students at two- and four-year schools. However, actual state-by-state proprietary school volume reports in the FISL program were hard to obtain, and in the end, general loan availability problems for the average traditional student probably hurt the FISL program more than any lack of careful oversight of the practices of the schools and lenders in its program.

Therefore, in 1976, while some members of Congress were not true admirers of guarantee agencies (even the ones in their home states), even they considered them the lesser of two evils. And, even in view of concerns they held, they did agree that it was only fair to require all 50 states to pay the same amounts for the same Federal services.

[22] As an example, those home-study schools who were, themselves, lenders in the FISL program borrowed lending funds from commercial institutions by using outstanding FISL loan paper as security. As students entered repayment, the schools would substitute new FISL loan notes of equal face value. This practice flourished until the Administration regulated that the amount of its insurance was equal—for all practical purposes in the case of home-study schools—to the amount of earned tuition, which itself was related to the percentage of lessons completes.

Fresh Memories of 1972

The near-calamity in 1972 worked to the guarantee agencies' advantage in the long run. For those who spent any time on Capitol Hill in late 1972, it would be difficult to exaggerate the impact it had on key members of Congress. One Congressman with many years of service said the amount of negative mail he received in the summer of 1972 concerning the guaranteed loan program far outstripped what he had ever received from constituents on any other subject. Even those who were not fans of the program—and who would have just as soon scrapped it and start over with a new delivery system—were not anxious to do anything again so soon that might risk another crisis in the availability of student credit.

Members of Congress also remembered that those who advised them that a needs test would be a good addition to the program were those same people who administered the FISL program whereas those people who warned them that they would be making a serious mistake were from the guarantee agencies. They also remembered that guarantee agency representatives were the ones who helped to devise the compromises in the subsequent 1974 legislation that helped maintain at least some level of loan availability—while at the same time the Administration was telling the Congress that the 1972 legislation could still work. It was the right time for guarantee agencies to suggest that they had the best ideas for what was needed in the 1976 reauthorization bill.

The Benefits of a Common Enemy

The crisis in 1972 and the threat represented by the rapid growth of the FISL program in the 1970's provided a common focus for the guarantee agencies. Approaching the 1976 legislation, guarantee agencies' were speaking with a unified voice to a degree never achieved before or again—with the possible exception being their views on the "Student Loan Reform Act of 1993" which is under consideration as this document is being written. To be sure, there were individual guarantee agency directors whose position was not adopted when NCHELP members voted on their legislative position and who subsequently took their case directly to Capitol Hill. There also were a very few guarantee agency directors who, late in the legislative process, reviewed the guarantee agency benefit packages which the Senate and the

House of Representatives were prepared to offer pushed for more (like unconditional 100% reinsurance) at a time when most members of Congress thought they already were being exceedingly generous. However, these examples of this type of behavior and of the public airing of conflicting legislative positions within the NCHELP membership were relatively small in number in 1976, and they were not the problem that they were to later become for NCHELP and the way they were viewed on Capitol Hill.

Complexity of the Program

In 1976, the complexity of the GSL program worked for the interests of guarantee agencies, just as it has worked against them in later reauthorization years. After some critical decisions were made about basic major issues, the problems of technical implementation and legislative drafting still remained. If for no other reason than a strong desire to avoid another disaster like in 1972 (which by then almost everyone agreed was the unintended consequence of bad legislative drafting), Congressional staff passed options papers and legislative drafts to NCHELP members for criticism and potential impact analysis. Later, NCHELP's Capitol Hill representative was invited attend a few meetings where Congressional staff were forming their policy recommendations. Admittedly, those invitations came with the stern warning that the role of the NCHELP representative was strictly limited to that of a technical advisor only and not as an advocate of any position. However, access of that nature is a very valuable asset to any legislative representative, and probably would not have been available if the program were less technically complex and the choices more straightforward.

Emphasis on Other Student Aid Programs

One of the more overlooked advantages that NCHELP enjoyed that year was that most of the legislative battles were being fought over the other programs also being reauthorized. Even when only student aid issues were considered, most of the political capital was being spent on grant issues. The only strong, consistent opponent to many of NCHELP's efforts was the Coalition on Financing Higher Education (COFHE) which represented many Ivy League schools and other higher-priced, private schools who had an understandable interest in increasing the availability of loans for their students. However, even then, most of the NCHELP/COFHE battles were over program details which had little to do with the funding of guarantee agency costs. A large part of NCHELP's advantage that year was that everyone else's energies were being drained fighting other battles. Therefore, there may have been those who might have successfully opposed NCHELP's objectives in 1976 had they not been required to concentrate on issues of higher priority to them. However, they left the field relatively clear for NCHELP that year.

Private, Not-For-Profit Guarantors

Members of NCHELP were anxious to get rid of every last vestige of the FISL program by including the necessary language in the 1976 legislation. However, once they were made to understand that the Congress was not going to agree to abolish it or reduce the FISL program's benefits, NCHELP members focused on what language should be included in the legislation that would cause all FISL states to accept the new incentives and establish their own guarantee agency. Their answer was to provide a "stick" to go along with the new "carrots" in the legislation. It was for that reason that the 1976 amendments contained language which said that if a state did not take advantage of these new benefits within a specific period of time, a private, non-for-profit agency could be given a charter to act as guarantor in that state and collect the new Federal funds earmarked for that state.

The drafters of that language felt that few states would refuse to set up a new guarantee agency given all the new incentives. However, if there were any, they probably would be the same states which refused to act after the original 1965 legislation and which eventually were administered by United Student Aid Funds. Leaving the FISL program operative in those states was simply unacceptable to most NCHELP members—given the history of the battles between those two camps. Private speculation among the guarantee agencies was that, in a worst case analysis, less than ten states would not act to set up guarantee agencies, and most of them would invite United Student Aid Funds to resume its old role in the state. The proposed language also left open the possibility that some type of local state consortia might form and apply to become their states' guarantors.

Following the passage of the 1976 legislation, guarantee agency directors met with legislators and higher education officers of states then served by the FISL program in order to make certain they were properly informed of the new benefits and options offered them by the new law. Given all the months of effort expended by NCHELP to promote legislation which would encourage the establishment of guarantee agencies in each of the 50 states, the existing agencies were fairly confident that the FISL threat would gradually fade to nothing. It was with some consternation, therefore, that in one of these meetings with local officials in a FISL state, one of the authors of this paper encountered a representative of a newly-formed private, not-for-profit guarantor who was doing his best to discourage that state from establishing a guarantee agency in favor of engaging the services of his agency. It was one of those unintended consequences that the segment of NCHELP members who had favored less than 100% funding for all 50 states had feared the most. In 1976, many of the guarantee agency directors had come from a financial aid background, having been school financial aid officers or state grant administrators. They were not prepared to see professional marketing campaigns and interagency competition for students, schools, and lenders begin to dominate the program. They had defeated FISL only to help create a different kind of threat.

Lender Interest Rates

Second only to the new guarantee agency incentives, the change in the structure of the yield paid to lenders was the other 1976 amendment which greatly impacted the operation of guarantee agencies from that date to the present. The reason for this impact was that it finally made program participation attractive to lenders, and that fact significantly increased the administrative burden and future growth of each agency because of the additional loan volume it generated. The special allowance paid to lenders[23] was not a new concept, but the means of determining it was. Prior to the 1976 legislation, the special allowance rate was set by negotiation among three cabinet departments: Education, Treasury, and the Office of Management and Budget. It appeared there was never easy agreement, and lenders waited weeks

[23]An amount of interest (determined quarterly) to be paid to lenders by the Federal government. It is an amount which is over and above the fixed interest rates on the loans established in the law.

(sometimes months) for the applicable rate to be determined and the payments made. Also, it often was the opinion of lenders and guarantee agencies that the rates which were finally determined were unrealistic. However, even if they were realistic, the late payments and the uncertainty of the rates from quarter to quarter caused many lenders to be conservative in their participation.

In the 1976 legislation, the yield paid to lenders was set to float 3.5% above the average bond equivalent rate of 91 day Treasury bills sold that fiscal quarter. Over the intervening years, the authors of this paper have heard many versions of how this formula came to be—including the prevalent one that it was devised by the large lenders to promote some financial windfall for themselves. In fact, the lenders had nothing to do with the devising of the formula. The original intent was to establish lender yield at the interest spread which was apparently intended by the original 1965 legislation which established a 6% yield at a time when the prime lending rate was 4.5%. It was devised after consultation with the appropriate office of the United States Treasury for the purpose of reviewing the history of various interest indices which might, when averaged over time, approximate the 1.5% above prime rate yield which appeared to be the goal of the original 1965 legislation. After reviewing the historic performances of many alternate indices, the rates on 91 day Treasury bills seemed to fit that requirement. That analysis formed the basis for the formula which was presented to the Congress for its consideration and, ultimately, for inclusion in the law. What was unforeseen, was the fact that those interest rate relationships would not behave after 1976 in the same manner that they behaved prior to 1976.

The Middle Income Student Assistance Act of 1978

While there were relatively minor amendments in the 1978 legislation which directly impacted the guarantee agencies, its major impact on guarantee agencies was an indirect one. In the Middle Income Student Assistance Act (known generally as MISAA), Congress removed the $25,000 income ceiling for automatic eligibility for federal subsidy of a borrower's interest.

The significant program change, in concert with the change lender yields as determined by the new special allowance formula described earlier, brought about a period of significant annual growth which continued into the 1980's. With it, guarantee agencies coped with new stresses which accompany rapid growth. The magnitude of this change is shown by the graph on the following page. The administrative challenges which the guarantee agencies faced in the 1980's and early 1990's are reflected in the data presented in Part II of this document.

Table B	Loan Volume — Annual and Cumulative (FY66 through FY80)							
Fiscal Year*	Guarantee Agencies				F.I.S.L.			
	Annual		Cumulative		Annual		Cumulative	
	# Loans (thousands)	$ Amt. (millions)	# Loans (thousands)	$ Amt. (millions)	# Loans (thousands)	$ Amt. (millions)	# Loans (thousands)	$ Amt (millions)
66	89	$73	89	$73	0	$0	0	$0
67	287	$244	376	$317	0	$0	0	$0
68	407	$361	783	$678	83	$67	83	$67
69	508	$457	1,291	$1,135	248	$217	331	$284
70	498	$457	1,789	$1,592	365	$354	696	$638
71	535	$531	2,324	$2,123	482	$484	1,178	$1,122
72	509	$566	2,833	$2,689	692	$708	1,870	$1,830
73	431	$516	3,264	$3,205	599	$655	2,469	$2,485
74	431	$528	3,695	$3,733	507	$612	2,976	$3,097
75	486	$637	4,181	$4,370	505	$661	3,481	$3,758
76	776	$1,088	4,957	$5,458	522	$740	4,003	$4,498
77	651	$1,037	5,608	$6,495	322	$500	4,325	$4,998
78	817	$1,485	6,425	$7,980	268	$473	4,593	$5,471
79	1,233	$2,443	7,658	$10,423	277	$541	4,870	$6,012
80	2,078	$4,336	9,736	$14,759	236	$504	5,106	$6,516

*From FY66 through FY75, the Federal fiscal years ended June 30 of each year. Beginning with FY76, the Federal fiscal year end was changed to September 30 of each year. Fiscal year 1976 contains five fiscal quarters. [U.S. DEPT. OF ED. LOAN VOLUME UPDATE REPORT FOR FY 1987]

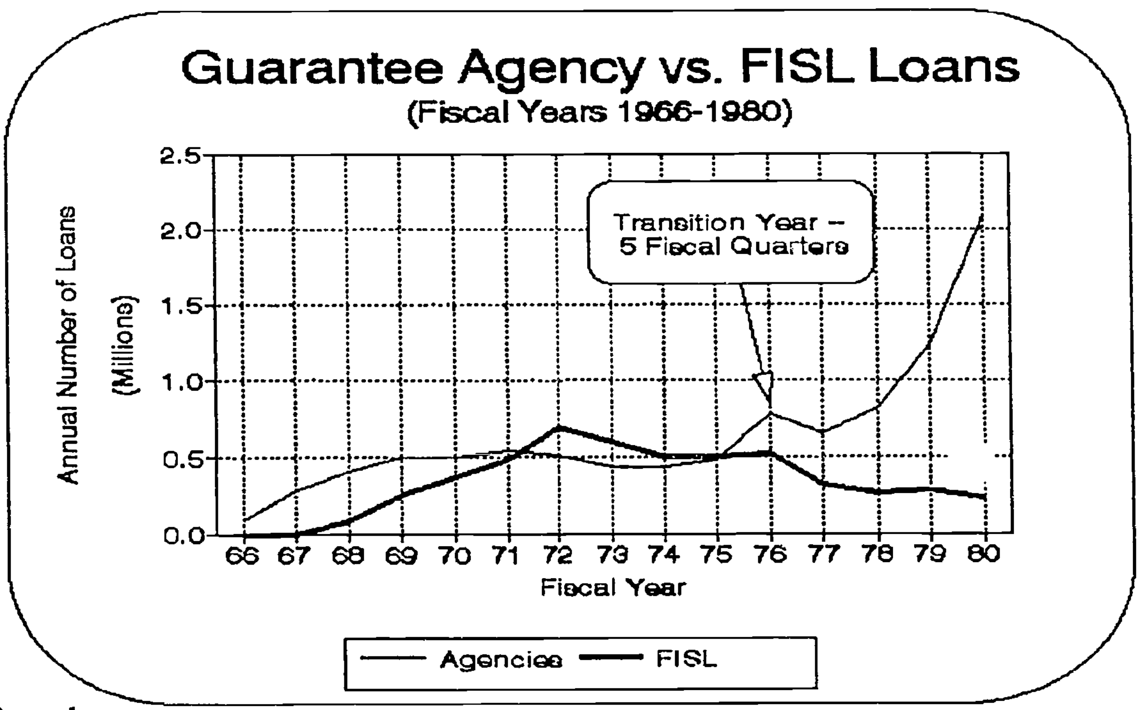

Figure 1

Part II
The Growth Years
1980-1992

In this latest period of the history of student loans, the story of the guarantee agencies is primarily one of growth. That story is told best by the following series of tables and graphs which illustrates the administrative demands placed on the agencies in the areas of loan guarantees, processing of default claims, default collections, and related guarantor activities. As illustrated by the graph at the end of the last section, the guarantee agencies' annual loan volume—which had been relatively stable for most of the 1970's—began to rise dramatically beginning in Federal fiscal year 1979.

Source of Data

Guarantee agencies are required to file comprehensive reports (ED Form 1130) each fiscal quarter with the Department of Education. This form collects information on loan guarantees, defaults, reinsurance, collections, sources and uses of agency funds, and other data describing guarantee agency operations. Over the last several years, Joseph D. Boyd and Associates in Deerfield, Illinois, has collected the fiscal year end report for all agencies and published comprehensive annual reports on guarantee agency activities. These reports are the source of the data on the following pages.

Data Inconsistencies

With very rare exceptions, the numbers are just as the agencies reported them. Some data elements require the agencies to report both annual activity and program inception to date cumulative activity. In some cases, the sums of the annual data collected over the years do not total exactly the cumulative amounts reported at the end of the last fiscal year. However, the discrepancies are small (generally less than 2%), and the authors of this paper have not adjusted the agency-reported cumulative figures to force them to balance with the computed sums of the annual data. Some of these discrepancies may be explained by adjustments made by the agencies on subsequent for other fiscal quarters.[24] The only liberties taken by the authors concern the occasional piece of missing data. In a handful of cases, where an agency omitted some data for one item in an earlier fiscal year, data from the bracketing fiscal years was used to compute the missing number.

Data Subgroups

The tables and graphs presented on the following pages display data for five different subgroups of guarantee agencies. The subgroups were chosen, in part, using information from the Department of Education's "FY 1991 Student Loan Data Book." The data from the relevant page in the "Data Book" is reproduced in Table A which appears on page 37. The agency subgroups were chosen in the following manner:

First Division of All Agencies

The agencies were divided into "Organizational Types" according to whether the agency was a (1) private non-profit agency or (2) a state agency.

Division of Not-For-Profit Agencies

The not-for-profit agencies were further divided into two groups depending whether or not their September 30, 1992 Federal Form 1130 showed any guarantee volume for the 1991 fiscal year after subtraction of cancellations and other adjustments. This has the impact of isolating the activities of the Higher Education Assistance

[24] Boyd and Associates collected only the forms for the fourth and last fiscal quarter for each year.

Foundation (HEAF) agencies in a category which is separate from the other not-for-profit agencies.[25]

First Division of State Agencies

Using the information from the Department's "Data Book," the guarantors who were organized as state agencies were divided into two groups depending on whether or not they contracted substantially all of their servicing to a third party. (Those agencies have an "X" in one of the four center columns of the table on the following page.)

Second Division of State Agencies

Those agencies who were **not** listed as contracting a substantial portion of their servicing to others were further divided into two groups depending on their guarantee volume of all Part B loans (gross guarantees minus calculations) for Federal fiscal year 1992 exceeded $500 million.[26] The authors admit that this was a purely arbitrary choice, but it was made primarily because of the need to avoid the large aggregate state agency numbers which, if not divided further, would considerably flatten the curves representing other guarantors on the following graphs.

[25]There were a handful of other non-for-profit agencies having no FY92 volume. However, their activities in later years are being reported on the forms of other agencies (primarily USAF), and the earlier year volumes which might be included in this separate category are so small as to not significantly impact the distribution of data among the categories.

[26]Only four guarantors feel into this category: Illinois, New York, Pennsylvania, and Texas.

GUARANTEED STUDENT LOAN PROGRAMS — STATUS AS OF SEPTEMBER 30, 1991

State Name	Designated Guarantor (1)			Services Contracted (2)				Organizational Type		State Name
	State	USAF	Other	CSX	EDS	LSC	USAF	Priv. Non-Prof. Agy	State Agency	
Alabama	X	-	-	-	-	-	-	-	X	Alabama
Alaska	-	X	-	-	-	-	-	X	-	Alaska
Arizona	-	X	-	-	-	-	-	X	-	Arizona
Arkansas	X	-	-	-	-	-	-	-	X	Arkansas
California	X	-	-	-	X	-	-	-	X	California
Colorado	X	-	-	-	-	-	-	-	X	Colorado
Connecticut	X	-	-	-	-	-	-	-	X	Connecticut
Delaware	X	-	-	-	-	-	X	-	X	Delaware
Dist. of Col.	-	-	Mass	-	-	-	-	X	-	Dist. of Col.
Florida	X	-	-	-	X	-	-	-	X	Florida
Georgia	X	-	-	-	-	-	-	-	X	Georgia
Hawaii	-	X	-	-	-	-	-	X	-	Hawaii
Idaho	X	-	-	-	-	-	-	X	-	Idaho
Illinois	X	-	-	-	-	-	-	-	X	Illinois
Indiana	X	-	-	-	-	-	X	-	X	Indiana
Iowa	X	-	-	-	-	-	X	-	X	Iowa
Kansas	-	X	-	-	-	-	-	X	-	Kansas
Kentucky	X	-	-	-	-	-	-	-	X	Kentucky
Louisiana	X	-	-	-	-	-	-	-	X	Louisiana
Maine	X	-	-	-	-	-	X	-	X	Maine
Maryland	X	-	-	-	-	-	X	-	X	Maryland
Massachusetts	X	-	-	-	-	-	-	X	-	Massachusetts
Michigan	X	-	-	-	-	-	-	-	X	Michigan
Minn. (N'Star)	X	-	-	-	-	-	-	X	-	Minn. (N'Star)
Mississippi	X	-	-	X	-	-	-	-	X	Mississippi
Missouri	X	-	-	X	-	-	-	-	X	Missouri
Montana	X	-	-	-	-	-	-	-	X	Montana
Nebraska	X	-	-	-	-	-	-	X	-	Nebraska
Nevada	-	X	-	-	-	-	-	X	-	Nevada
New Hampshire	X	-	-	-	-	-	-	X	-	New Hampshire
New Jersey	X	-	-	-	-	-	-	-	X	New Jersey
New Mexico	X	-	-	-	-	-	-	X	-	New Mexico
New York	X	-	-	-	-	-	-	-	X	New York
North Carolina	X	-	-	-	-	-	-	-	X	North Carolina
North Dakota	X	-	-	-	-	-	-	-	X	North Dakota
Ohio	X	-	-	-	-	-	-	-	X	Ohio
Oklahoma	X	-	-	-	-	-	-	-	X	Oklahoma
Oregon	X	-	-	-	-	-	-	-	X	Oregon
Pacific Islands	-	X	-	-	-	-	-	X	-	Pacific Islands
Pennsylvania	X	-	-	-	-	-	-	-	X	Pennsylvania
Puerto Rico	X	-	-	-	-	-	-	-	X	Puerto Rico
Rhode Island	X	-	-	-	-	-	-	-	X	Rhode Island
South Carolina	X	-	-	-	-	-	-	-	X	South Carolina
South Dakota	X	-	-	-	-	-	-	X	-	South Dakota
Tennessee	X	-	-	X	-	-	-	-	X	Tennessee
Texas	X	-	-	-	-	-	-	-	X	Texas
Utah	X	-	-	-	-	X	-	-	X	Utah
Vermont	X	-	-	-	-	-	-	-	X	Vermont
Virgin Islands	X	-	-	-	-	-	X	-	X	Virgin Islands
Virginia	X	-	-	-	-	-	-	-	X	Virginia
Washington	X	-	-	-	-	-	-	X	-	Washington
West Virginia	-	-	Penn	-	-	-	-	-	X	West Virginia
Wisconsin	X	-	-	-	-	-	-	X	-	Wisconsin
Wyoming	-	X	-	-	-	-	-	X	-	Wyoming
Other agencies not on above list, but for whom copies of Form 1130 were collected in the 1980-1992 period:										
U.S.A.F.	-	X	-	-	-	-	-	X	-	U.S.A.F.
HEAF-Kansas	-	-	X	-	-	-	-	X	-	HEAF-Kansas
HEAF-Minn.	-	-	X	-	-	-	-	X	-	HEAF-Minn.
HEAF-Nebr.	-	-	X	-	-	-	-	X	-	HEAF-Nebr.
HEAF-D.C.	-	-	X	-	-	-	-	X	-	HEAF-D.C.
HEAF-W.Va.	-	-	X	-	-	-	-	X	-	HEAF-W.Va.

(1) Stafford, PLUS, and SLS Programs
(2) Services contracted include application processing, pre-claims and claims processing, default collections, etc.
CSX - CSX Technologies; EDS - Electronic Data Systems; LSC - Loan Servicing Corporation; USAF - United Student Aid Funds

SOURCE: UNITED STATES DEPARTMENT OF EDUCATION'S "FY 1991 STUDENT LOAN DATA BOOK"

Graph Information

Graph Legends

NFP - No FY91 Lns: not-for-profit agencies with no net loan dollar volume for fiscal year 1992.

NFP - FY92 Loans: not-for-profit with net loan dollar volume for fiscal year 1992.

Contracted Op's: state agencies which contract a substantial amount of their servicing to third parties.

State (Large): state agencies which do not contract a substantial amount of their servicing and whose fiscal year 1992 loan guarantees (gross guarantees minus cancellations) exceeded $500 million.

State (Med/Sml): state agencies which do not contract a substantial amount of their servicing and whose fiscal year 1992 loan guarantees (gross guarantees minus cancellations) was less than $500 million.

Graph Curves

The graphs are included along with the tables to permit readers to visualize the changes in guarantee agency activities over time. The five different graph curves allow a comparison of the rates of change in the 1980's and early 1990's for the five different guarantee agency groups. However, whether or not one of the five groups is at the highest or lowest point on any graph also can be a function of how the authors chose to divide the agencies into groups. Therefore, it is the slope of an individual curve, not its beginning and ending points, which offers the most insight into the activities of the agency group in question.

Loan Guarantees

Tables Included in Section:

Table C - All Part B Guarantees
Table D - Stafford Guarantees
Table E - Combined PLUS, SLS, and Consolidated Guarantees
Table F - Plus Guarantees
Table G - SLS Guarantees
Table H - Consolidated Guarantees
Table I - Net Guarantee Transfers

Graphs Included In Section

Figure 2 - All Part B Guarantees
Figure 3 - Stafford Guarantees
Figure 4 - All Part B Guarantees (different guarantor grouping)
Figure 5 - Combined Plus, SLS, and Consolidated Guarantees

Loan Guarantees

All tables and graphs represent annual dollar amounts in billions. The guarantee amounts are computed using the reported gross guarantee amounts and subtracting canceled loans.

Reporting HEAF Data

Because the Higher Education Assistance Foundation (HEAF) activities comprised such a significant share of loan volume among not-for-profit guarantors, the sharp rise and decline of HEAF's guarantee volume in the 1980's presented some problems in displaying the following data. This is particularly true in the case of the graphs. Most, but not all, of the loans which would have been made by HEAF, had it continued making guarantees, are being made by other not-for-profit agencies. It is easy to identify some of this volume because it is being reported by agencies which succeeded HEAF as guarantors in some states. Other such volume is concealed in the numbers reported by other national guarantors.

This reporting dilemma is illustrated by a comparison of Graph 2 and Graph 4. They both illustrate Title IV, Part B guarantees. Graph 2 shows the volume growth of the five guarantee agency subgroups used throughout this document, while Graph 4 combines both of the not-for-profit guarantor categories and also combines all the state agencies.[27] An examination of the two graphs strongly suggests that the steep growth curve of the not-for-profit agencies in Graph 2 results, in part, from a volume of loans which otherwise would have been HEAF guarantees.

Loan Guarantee Transfers

Amounts representing loan guarantee transfers in and out are not reflected in guarantee amounts reported in Tables C through H and Graphs 2 through 5. The net amounts of those transfers among the five guarantee agency subgroups are reflected in Table I. The transfers, which approximate $4 billion dollars primarily in fiscal years 1991 and 1992, are almost exclusively the result of transfer of HEAF paper. Table I shows approximately $2.9 billion of that amount being transferred to other non-profit agencies and approximately $1.1 billion being transferred to the large state agencies. The numbers do not balance precisely, showing about a $46 million surplus of loans tranferred which are not shown as acquisitions of another guarantee agency. A summary of loan transfers by program is contained in Table T-4 of the Appendix.

PLUS, SLS, and Consolidated Loans

Data for these three programs was first collected in fiscal year 1988. The amounts provided in that year included all such loans to date. This cumulative figure inflates the 1988 volumes in the graphs and tables showing all title IV, part B guarantees since an unknown portion of those loans are attributable to earlier years. The graph showing Stafford loans only (Graph 3) illustrates that there was no such volume spike in 1988 in that program.

[27]Except those who contract with a third party for a substantial amount of their servicing requirements.

Table C	All Part B Guarantees minus Cancellations (Annual) in Billions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
Cum.	$0.545	$1.958	$1.249	$6.323	$4.340	$14.414
FY81	$0.530	$1.011	$1.432	$2.224	$1.954	$7.151
FY82	$0.401	$0.793	$1.246	$1.737	$1.426	$5.603
FY83	$0.547	$0.938	$1.358	$1.831	$1.555	$6.229
FY84	$0.770	$0.979	$1.518	$2.007	$1.743	$7.017
FY85	$1.124	$1.123	$1.587	$2.160	$1.721	$7.715
FY86	$1.502	$1.042	$1.386	$1.754	$1.356	$7.041
FY87	$1.882	$1.157	$1.388	$1.843	$1.412	$7.682
FY88	$3.260	$3.090	$2.189	$3.343	$2.088	$13.970
FY89	$1.445	$2.995	$2.086	$3.100	$2.007	$11.632
FY90	$1.239	$3.209	$2.069	$2.884	$2.178	$11.578
FY91	$0.304	$4.632	$2.424	$3.217	$2.482	$13.059
FY92	($0.003)	$5.583	$2.753	$3.480	$2.681	$14.495
Total	$13.544	$28.511	$22.687	$35.904	$26.945	$127.591

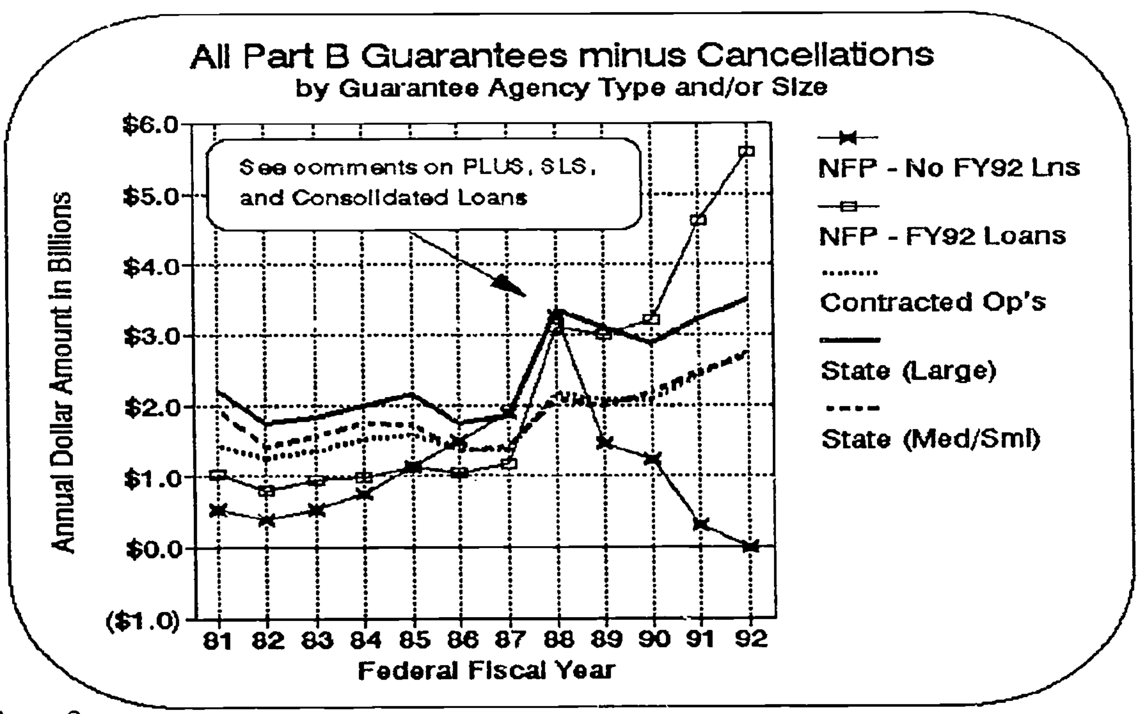

Figure 2

Table D	Stafford Guarantees minus Cancellations (Annual) in Billions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
Cum.	$0.545	$1.958	$1.249	$6.323	$4.340	$14.414
FY81	$0.530	$1.011	$1.432	$2.224	$1.954	$7.151
FY82	$0.401	$0.793	$1.246	$1.737	$1.426	$5.603
FY83	$0.547	$0.938	$1.358	$1.831	$1.555	$6.229
FY84	$0.770	$0.979	$1.518	$2.007	$1.743	$7.017
FY85	$1.124	$1.123	$1.587	$2.160	$1.721	$7.715
FY86	$1.502	$1.042	$1.386	$1.754	$1.356	$7.041
FY87	$1.882	$1.157	$1.388	$1.843	$1.412	$7.682
FY88	$1.672	$1.493	$1.340	$2.159	$1.402	$8.067
FY89	$0.844	$2.018	$1.571	$2.371	$1.615	$8.419
FY90	$0.777	$2.105	$1.600	$2.269	$1.742	$8.494
FY91	$0.139	$2.896	$1.803	$2.489	$1.954	$9.281
FY92	($0.002)	$3.368	$1.979	$2.545	$2.103	$9.994
Total	$10.730	$20.881	$19.461	$31.714	$24.326	$107.112

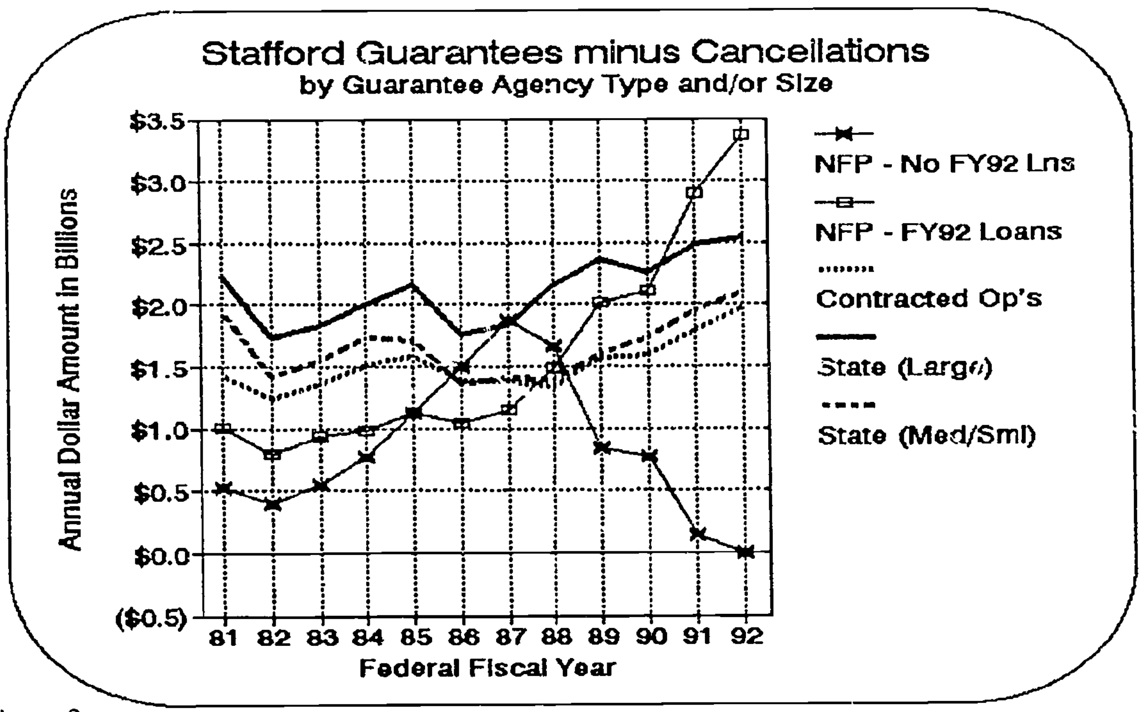

Figure 3

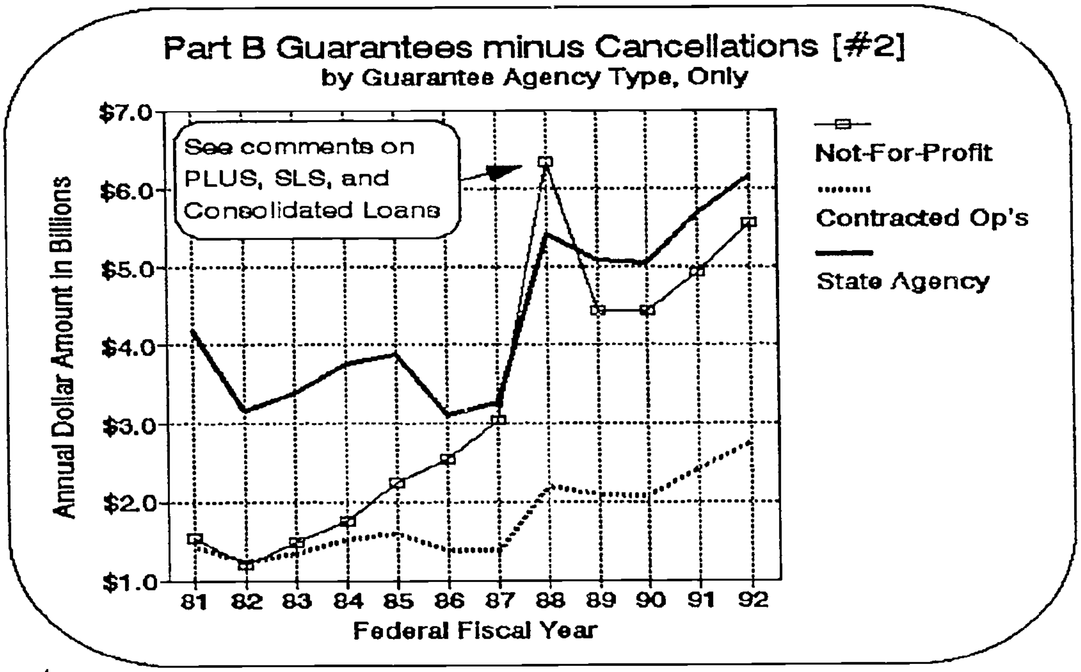

Figure 4

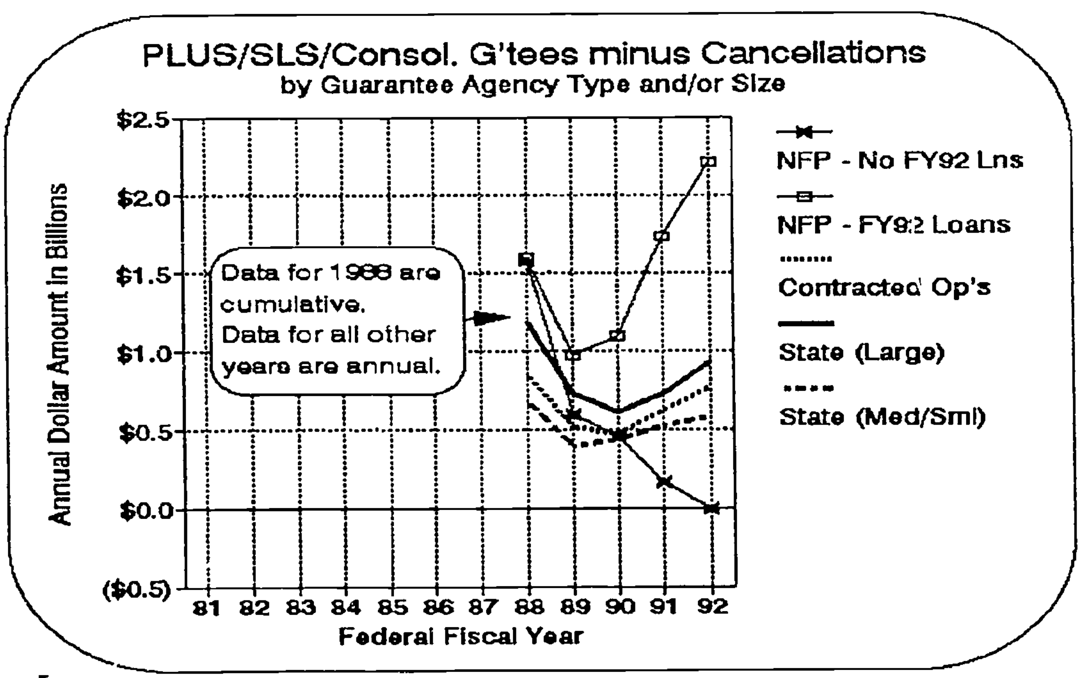

Figure 5

Table E	PLUS/SLS/Consol. G'tees minus Cancellations (Annual) in Billions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
Cum. FY88	$1.587	$1.597	$0.849	$1.183	$0.687	$5.903
FY89	$0.601	$0.977	$0.515	$0.728	$0.391	$3.213
FY90	$0.462	$1.104	$0.468	$0.615	$0.435	$3.084
FY91	$0.165	$1.737	$0.621	$0.729	$0.527	$3.778
FY92	($0.001)	$2.215	$0.773	$0.935	$0.578	$4.501
Total	$2.814	$7.630	$3.226	$4.190	$2.619	$20.479

The following tables display the information from the above table further separated by individual program.

Table F	PLUS Guarantees minus Cancellations (Annual) in Billions					
Cum. FY88	$0.258	$0.503	$0.230	$0.435	$0.384	$1.811
FY89	($0 063)	$0.281	$0.103	$0.138	$0.144	$0.603
FY90	$0.055	$0.344	$0.118	$0.145	$0.170	$0.831
FY91	$0.015	$0.461	$0.150	$0.175	$0.210	$1.013
FY92	$0.000	$0.577	$0.181	$0.226	$0.245	$1.229
Total	$0.266	$2.166	$0.782	$1.120	$1.153	$5.486

Table G	SLS Guarantees minus Cancellations (Annual) in Billions					
Cum. FY88	$1.224	$0.564	$0.518	$0.626	$0.252	$3.184
FY89	$0.477	$0.475	$0.340	$0.436	$0.198	$1.926
FY90	$0.193	$0.465	$0.263	$0.307	$0.217	$1.445
FY91	$0.046	$0.687	$0.332	$0.346	$0.244	$1.655
FY92	($0.002)	$0.859	$0.412	$0.397	$0.245	$1.913
Total	$1.938	$3.051	$1.866	$2.113	$1.155	$10.122

Table H	Consolidated Guarantees minus Cancellations (Annual) in Billions					
Cum. FY88	$0.105	$0.530	$0.102	$0.121	$0.051	$0.909
FY89	$0.187	$0.222	$0.072	$0.155	$0.050	$0.685
FY90	$0.214	$0.294	$0.087	$0.163	$0.049	$0.808
FY91	$0.104	$0.588	$0.138	$0.207	$0.073	$1.111
FY92	$0.000	$0.779	$0.180	$0.311	$0.088	$1.359
Total	$0.610	$2.413	$0.579	$0.957	$0.311	$4.870

Table I	Part B Net Guarantee Transfers In/Out (Annual) in Billions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
FY87	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FY88	($0.005)	$0.005	($0.005)	($0.009)	($0.004)	($0.018)
FY89	($0.010)	$0.004	($0.007)	$0.000	($0.002)	($0.015)
FY90	$0.000	$0.002	$0.011	$0.000	$0.000	$0.014
FY91	($2.887)	$2.269	$0.000	$0.614	$0.001	($0.003)
FY92	($1.217)	$0.624	$0.000	$0.570	$0.000	($0.023)
Total	($4.119)	$2.904	($0.001)	$1.174	($0.005)	($0.046)

Default Claims and Collections

Tables Included in Section:

Table J - Default Claims
Table K - Matured Paper
Table L - Collections, All Sources
Table M - Collections, By Source
Table N - Gross Default Rates
Table M - Net Default Rates

Graphs Included In Section

Figure 6 - Default Claims
Figure 7 - Matured Paper
Figure 8 - Collections, All Sources
Figure 9 - Gross Default Rates
Figure 10- Net Default Rates

Default Claims

The default claims data presented in Table J represent default claims for all title IV, part B loan programs, not including death, disability and bankruptcy claims. Summary information on those claims is presented in Tables T-6 and T-7 in the Appendix.

Default Rates

Definitions of default rates have changed over time in the Guaranteed Student Loan Program. The default rates computed for purposes of this paper represent simple ratios which may not match more complex calculations which are computed for other program purposes. Gross default rates are computed by dividing defaults (Table J) by matured paper[28] (Table K). Net default rates are computed in the same way, but collections (Table L) are first subtracted from the default amounts.

The graphs illustrating gross and net default rates (Graphs 9 and 10) show some extremely high rates in the early 1980's which exceed the scale of the graph. These rates are caused by the introduction of some new guarantee agencies. Because borrowers who drop out of school have a higher tendency to default than those who graduate. Therefore, in a single group of students who borrow for the same academic

[28]For purposes of this paper, all loans guaranteed (adjusted for cancellations and transferred) minus loans which are still in interim status.

year, the defaults tend to accumulate at a faster than the rest of the students convert to repayment (matured paper) status. It takes a few years of operation for before matured paper numbers grow to the point that default rate calculations become meaningful. The "Education Amendments of 1976" anticipated this problem and authorized five years of 100% reinsurance for new agencies before they were subject to the same reinsurance "triggers"[29] as existing agencies.

The similar problem with matured paper is beginning to inflate the HEAF default rate. The rate would have remained substantial even if HEAF's amount of matured paper continued to expand. However, part of the extreme rise in the default rate of the not-for-profit guarantors who had no guarantee volume in 1992 is attributable to the decline in the amounts of matured paper to which default amounts are compared.

[29] ratios of reinsurance reimbursements to loans in repayment which may cause an agency to receive less than 100% reimbursement on subsequent reinsurance claims for that year.

Table J	Default Claims (No DD&B), Part B (Cumulative) in Billions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
FY81	$0.160	$0.173	$0.350	$0.414	$0.231	$1.328
FY82	$0.175	$0.256	$0.373	$0.944	$0.448	$2.195
FY83	$0.185	$0.285	$0.397	$1.041	$0.510	$2.417
FY84	$0.225	$0.345	$0.489	$1.199	$0.604	$2.861
FY85	$0.288	$0.432	$0.611	$1.381	$0.740	$3.452
FY86	$0.374	$0.558	$0.786	$1.727	$0.918	$4.363
FY87	$0.721	$0.724	$1.031	$2.124	$1.148	$5.749
FY88	$1.232	$0.919	$1.260	$2.450	$1.339	$7.198
FY89	$1.789	$1.165	$1.545	$2.858	$1.560	$8.917
FY90	$2.951	$1.673	$1.960	$3.441	$1.789	$11.815
FY91	$3.878	$2.292	$2.541	$4.125	$2.208	$15.045
FY92	$4.364	$2.846	$3.051	$4.789	$2.639	$17.689

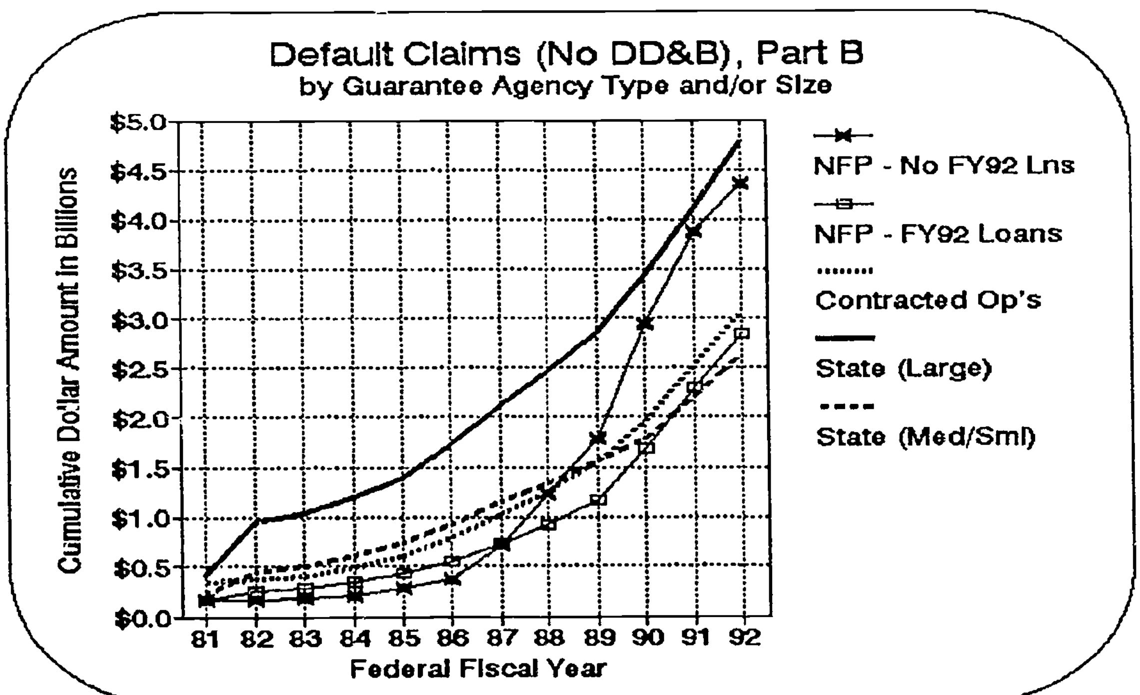

Figure 6

Table K	Matured Paper, Part B (Cumulative) in Billions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
FY81	$0.236	$1.149	$0.393	$4.205	$2.536	$8.519
FY82	$0.425	$1.713	$0.761	$5.295	$3.486	$11.681
FY83	$0.855	$2.453	$1.917	$6.798	$4.717	$16.741
FY84	$1.290	$3.124	$3.191	$8.569	$6.365	$22.539
FY85	$1.721	$4.075	$4.716	$10.455	$7.771	$28.737
FY86	$2.684	$5.101	$6.126	$12.668	$9.750	$36.329
FY87	$4.676	$6.675	$8.022	$15.330	$11.638	$46.341
FY88	$7.131	$8.199	$10.040	$17.694	$13.420	$56.483
FY89	$9.503	$10.479	$11.648	$20.239	$15.231	$67.100
FY90	$10.813	$12.943	$13.896	$23.810	$17.307	$78.769
FY91	$9.123	$18.163	$17.299	$26.465	$19.571	$90.622
FY92	$8.422	$21.734	$18.021	$29.963	$21.767	$99.907

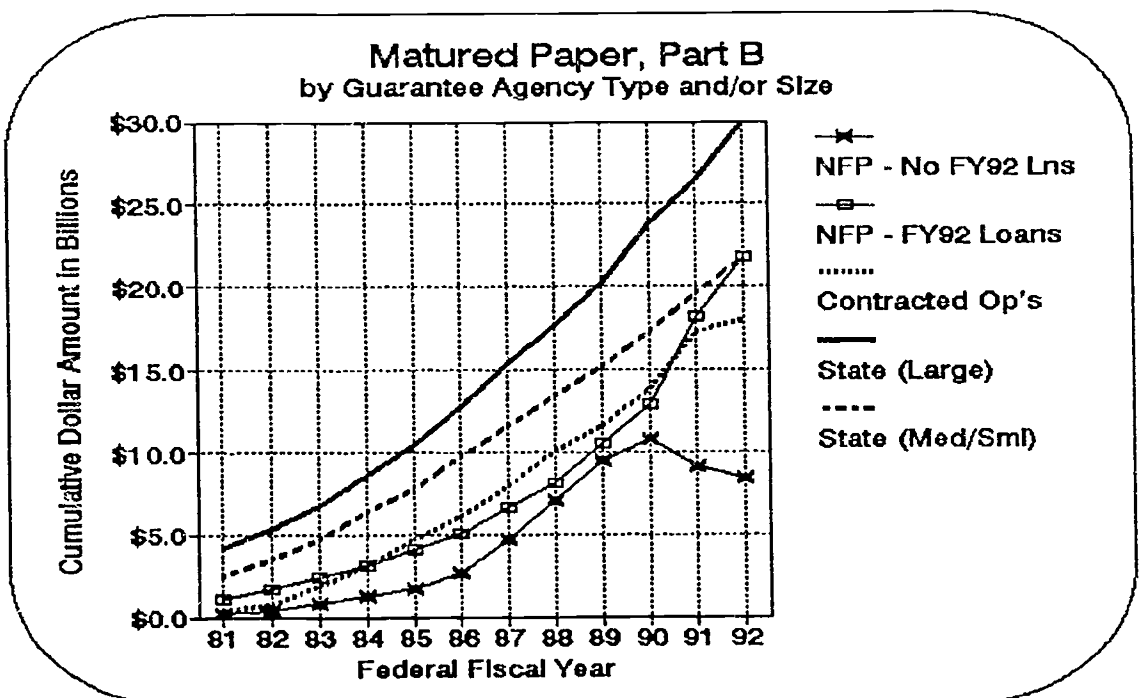

Figure 7

Table L	Collections, All Sources, Part B (Cumulative) in Billions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
FY81	$0.001	$0.020	$0.005	$0.111	$0.038	$0.174
FY82	$0.002	$0.025	$0.007	$0.139	$0.051	$0.224
FY83	$0.005	$0.033	$0.012	$0.179	$0.072	$0.301
FY84	$0.012	$0.048	$0.029	$0.216	$0.101	$0.405
FY85	$0.026	$0.075	$0.056	$0.287	$0.143	$0.587
FY86	$0.043	$0.120	$0.108	$0.404	$0.204	$0.879
FY87	$0.073	$0.181	$0.189	$0.557	$0.297	$1.298
FY88	$0.147	$0.254	$0.318	$0.744	$0.403	$1.866
FY89	$0.280	$0.349	$0.405	$0.945	$0.525	$2.503
FY90	$0.476	$0.463	$0.566	$1.181	$0.664	$3.350
FY91	$0.740	$0.606	$0.744	$1.431	$0.827	$4.348
FY92	$1.088	$0.802	$0.963	$1.748	$1.035	$5.636

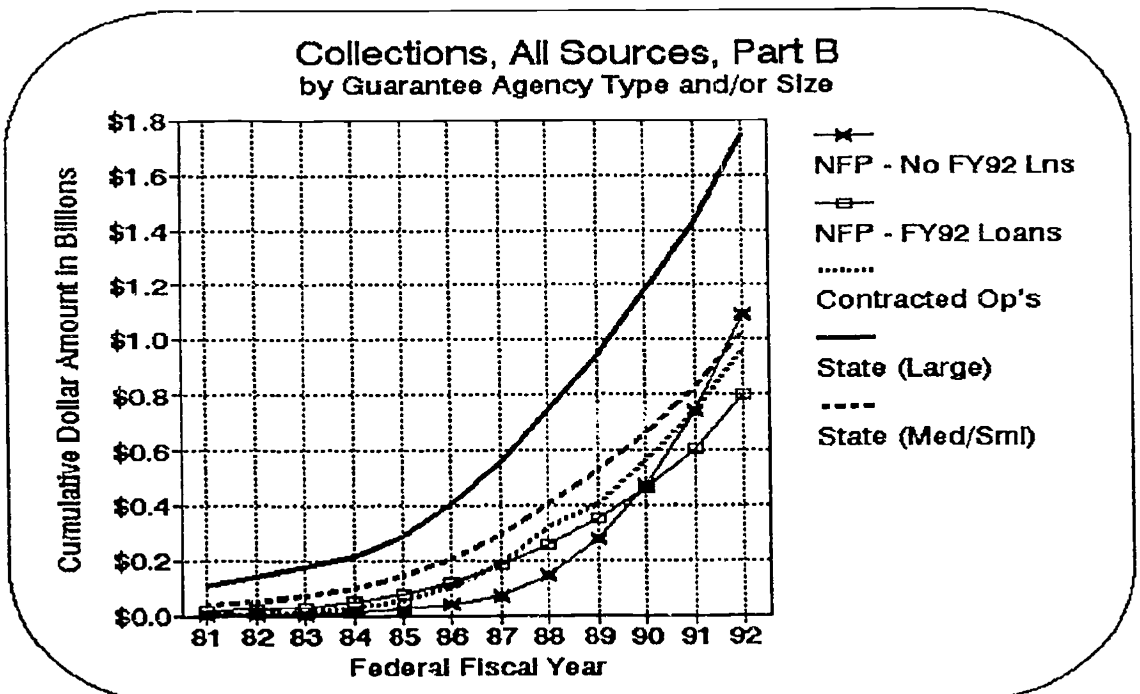

Figure 8

Table M	Collections by Source, Part B (Cumulative) in Millions					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
Collections, "In House", Part B (Cumulative) in Millions						
FY81	$0.199	$7.049	$1.695	$95.767	$28.903	$133.613
FY82	$0.205	$9.543	$2.193	$118.880	$38.722	$169.543
FY83	$1.157	$14.329	$3.422	$149.077	$52.986	$220.971
FY84	$2.745	$22.402	$6.608	$172.261	$68.357	$272.373
FY85	$5.502	$36.025	$11.972	$223.418	$97.121	$374.038
FY86	$8.749	$52.383	$33.025	$306.913	$130.893	$531.963
FY87	$21.819	$78.428	$62.877	$411.208	$183.120	$757.452
FY88	$45.343	$112.213	$115.129	$495.629	$228.962	$997.276
FY89	$86.488	$137.574	$121.466	$616.827	$287.004	$1,249.359
FY90	$153.648	$176.516	$166.964	$750.139	$353.749	$1,601.016
FY91	$196.589	$232.473	$211.321	$867.800	$423.432	$1,931.615
FY92	$257.668	$286.350	$258.374	$1,020.175	$511.347	$2,333.914
Collections, Outside Agent, Part B (Cumulative) in Millions						
FY81	$0.749	$12.793	$3.316	$14.876	$8.845	$40.579
FY82	$1.986	$15.170	$4.395	$20.048	$12.567	$54.166
FY83	$3.980	$18.285	$8.475	$29.745	$19.192	$79.677
FY84	$9.336	$25.909	$22.100	$43.383	$32.248	$132.976
FY85	$20.475	$38.720	$43.728	$64.053	$45.601	$212.577
FY86	$33.770	$67.484	$74.923	$97.568	$73.003	$346.748
FY87	$51.397	$103.032	$126.411	$146.262	$113.710	$540.812
FY88	$73.499	$111.251	$174.757	$160.987	$132.286	$652.780
FY89	$99.636	$158.513	$235.768	$217.489	$177.804	$889.210
FY90	$160.362	$209.122	$309.807	$281.426	$234.513	$1,195.230
FY91	$242.100	$250.152	$391.571	$355.351	$295.862	$1,535.036
FY92	$344.064	$320.147	$492.732	$439.982	$374.414	$1,971.339
Collections, IRS Offset, Part B (Cumulative) in Millions						
FY88	$28.245	$30.821	$27.944	$87.593	$41.721	$216.324
FY89	$93.379	$53.010	$47.873	$110.287	$60.163	$364.712
FY90	$161.662	$77.576	$88.418	$149.411	$75.589	$552.656
FY91	$301.071	$123.537	$141.233	$208.310	$106.646	$880.797
FY92	$486.378	$195.859	$212.360	$287.464	$148.881	$1,330.942

Table N	Gross Default Rates, Part B (Cumulative) by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
FY81	68.06%	15.05%	89.10%	9.84%	9.11%	15.59%
FY82	41.04%	14.95%	48.98%	17.83%	12.84%	18.79%
FY83	21.64%	11.61%	20.70%	15.31%	10.81%	14.44%
FY84	17.41%	11.03%	15.32%	13.99%	9.48%	12.69%
FY85	16.72%	10.60%	12.95%	13.21%	9.52%	12.01%
FY86	13.93%	10.94%	12.83%	13.63%	9.41%	12.01%
FY87	15.42%	10.85%	12.85%	13.86%	9.86%	12.41%
FY88	17.28%	11.21%	12.55%	13.84%	9.98%	12.74%
FY89	18.82%	11.12%	13.27%	14.12%	10.24%	13.29%
FY90	27.30%	12.92%	14.11%	14.45%	10.34%	15.00%
FY91	42.51%	12.62%	14.69%	15.59%	11.28%	16.60%
FY92	51.81%	13.10%	16.93%	15.98%	12.12%	17.71%

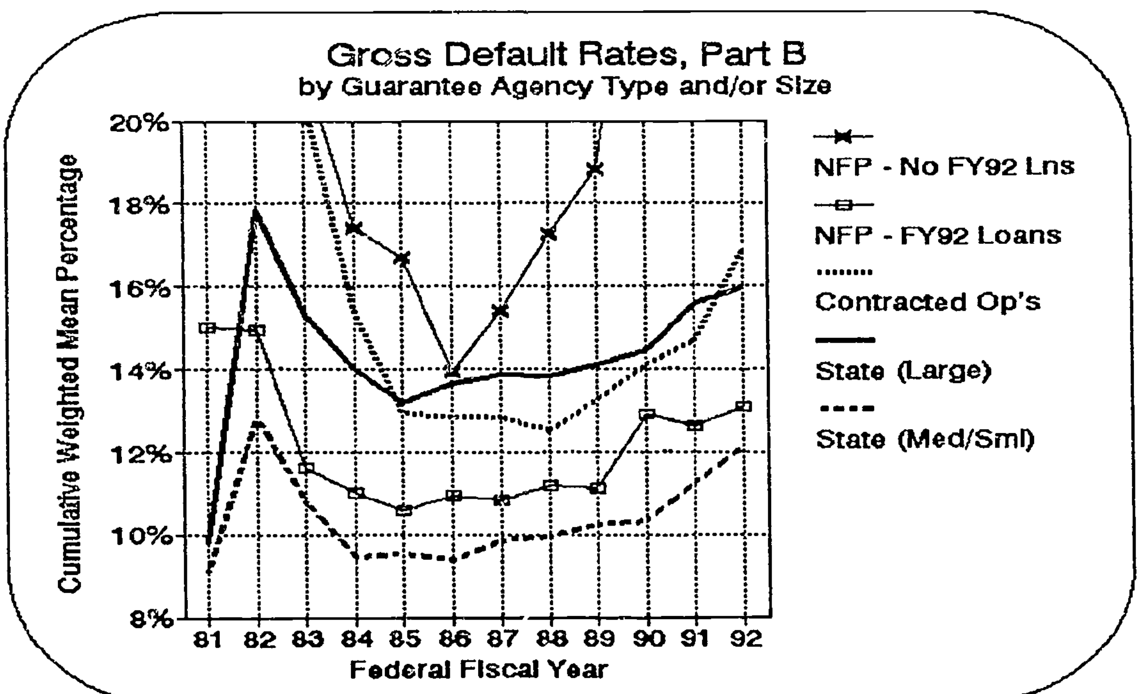

Figure 9

Table O	Net Default Rates, Part B (Cumulative) by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
FY81	67.65%	13.32%	87.82%	7.21%	7.62%	13.55%
FY82	40.52%	13.50%	48.12%	15.21%	11.37%	16.88%
FY83	21.04%	10.28%	20.08%	12.68%	9.28%	12.64%
FY84	16.48%	9.48%	14.42%	11.48%	7.90%	10.89%
FY85	15.21%	8.77%	11.77%	10.46%	7.68%	9.97%
FY86	12.35%	8.59%	11.06%	10.44%	7.32%	9.59%
FY87	13.85%	8.14%	10.49%	10.22%	7.31%	9.60%
FY88	15.21%	8.10%	9.38%	9.64%	6.97%	9.44%
FY89	15.88%	7.79%	9.79%	9.45%	6.79%	9.56%
FY90	22.90%	9.34%	10.03%	9.49%	6.50%	10.75%
FY91	34.40%	9.28%	10.39%	10.18%	7.06%	11.80%
FY92	38.89%	9.40%	11.59%	10.15%	7.37%	12.06%

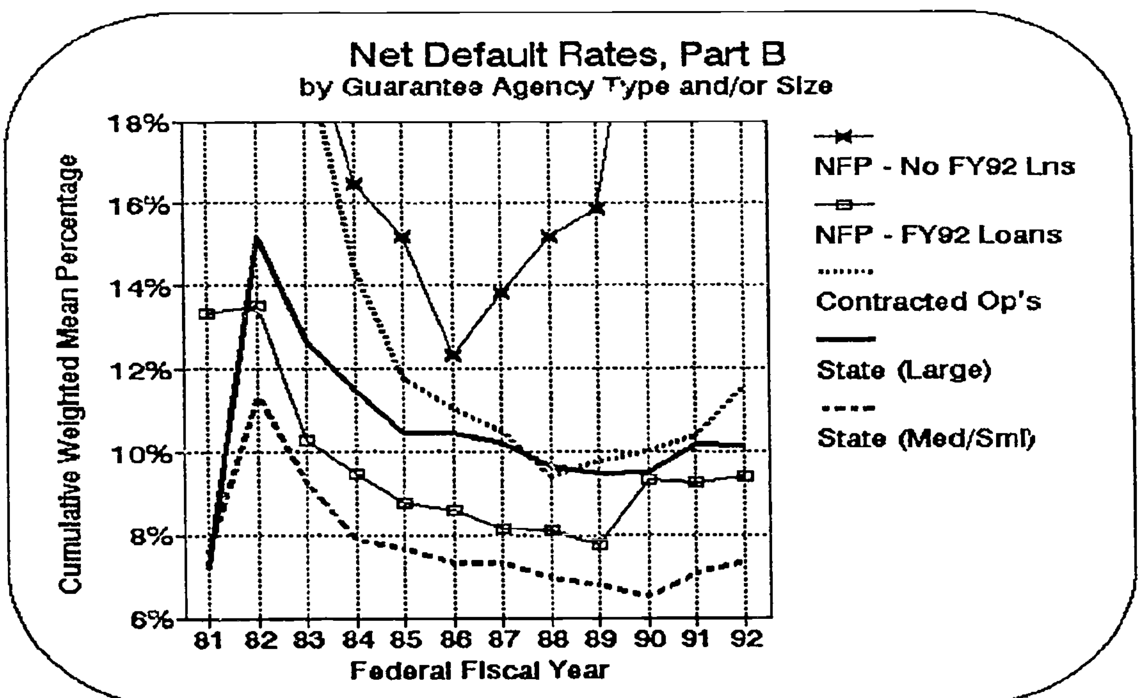

Figure 10

Sources and Uses of Funds

Tables Included in Section:

Table P - Net Funds Available

Table Q - Total Administrative Costs

Table R - Insurance Premiums Received

Table S - Reinsurance Reimbursements Received

Graphs Included In Section

Figure 11 - Net Funds Available

Figure 12 - Total Administrative Costs

Figure 13 - Insurance Premiums Received

Figure 14 - Reinsurance Reimbursements Received

Complete tables listing of all sources and uses of guarantee agency funds for fiscal years 1981 through 1992 are contained in Table T-11 of the appendix. Three of these items were selected (in addition to "Net Funds Available") for expanded examination by five guarantee agency subgroups.

Table P	Net Funds Available, Part B (Cumulative) in Billions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
FY81	$0.033	$0.056	$0.073	$0.179	$0.134	$0.476
FY82	$0.049	$0.070	$0.104	$0.218	$0.171	$0.612
FY83	$0.053	$0.085	$0.121	$0.246	$0.204	$0.711
FY84	$0.078	$0.106	$0.179	$0.219	$0.260	$0.843
FY85	$0.102	$0.124	$0.195	$0.269	$0.297	$0.986
FY86	$0.142	$0.136	$0.282	$0.178	$0.290	$1.029
FY87	$0.009	$0.151	$0.325	$0.161	$0.336	$0.983
FY88	$0.023	$0.166	$0.282	$0.193	$0.353	$1.017
FY89	$0.209	$0.167	$0.325	$0.214	$0.296	$1.210
FY90	($0.046)	$0.159	$0.357	$0.261	$0.270	$1.001
FY91	$0.015	$0.200	$0.397	$0.126	$0.289	$1.027
FY92	$0.054	$0.315	$0.456	$0.376	$0.318	$1.519

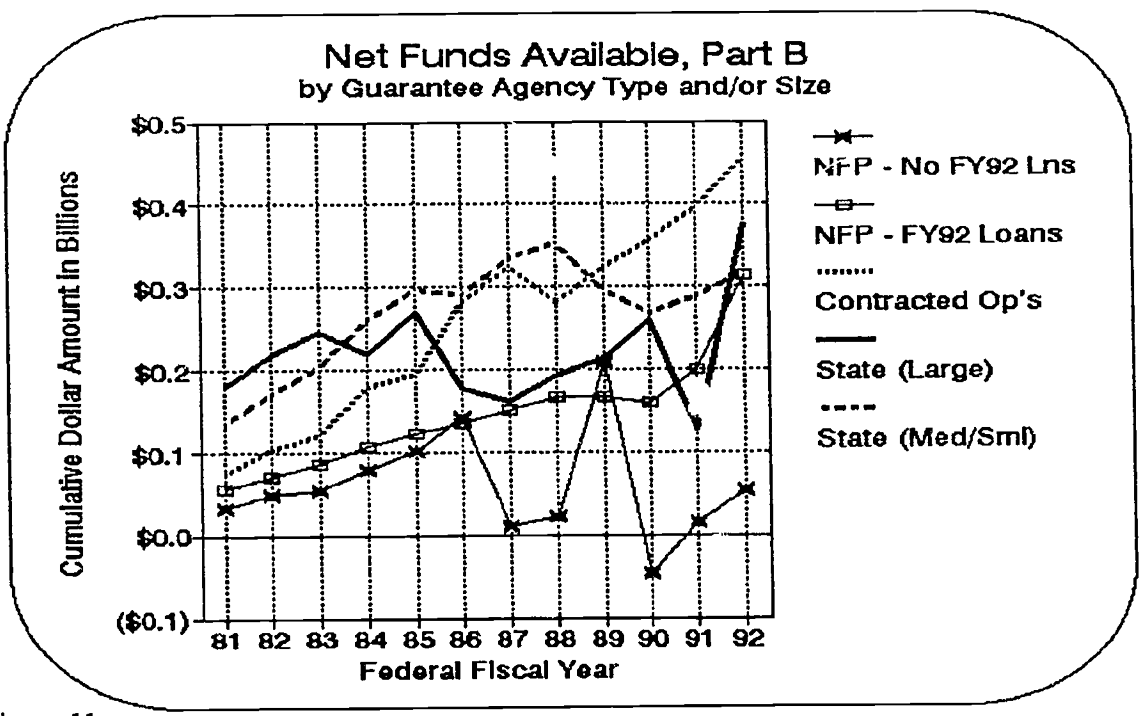

Figure 11

Table Q	Total Administrative Costs, Part B (Annual) in Millions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
Cum.	$5.550	$19.929	$10.858	$53.865	$43.018	$133.220
FY81	$4.869	$10.447	$9.476	$30.317	$15.974	$71.083
FY82	$5.388	$15.240	$14.895	$28.353	$21.859	$85.735
FY83	$7.784	$19.613	$19.447	$35.189	$27.860	$109.893
FY84	$10.893	$23.050	$24.975	$40.637	$34.314	$133.869
FY85	$18.497	$29.070	$31.494	$50.673	$40.458	$170.192
FY86	$24.044	$35.492	$47.300	$56.443	$44.326	$207.605
FY87	$37.226	$50.063	$48.200	$70.173	$49.911	$255.573
FY88	$36.587	$67.596	$39.890	$52.972	$67.008	$264.053
FY89	$81.983	$80.445	$44.957	$90.592	$78.451	$376.428
FY90	$95.137	$74.635	$29.484	$97.187	$97.011	$393.454
FY91	$113.651	$102.726	$58.258	$123.651	$107.720	$506.006
FY92	$69.120	$114.008	$68.955	$113.686	$127.728	$493.497
Total	$506.147	$634.394	$447.501	$843.738	$753.553	$3,185.333

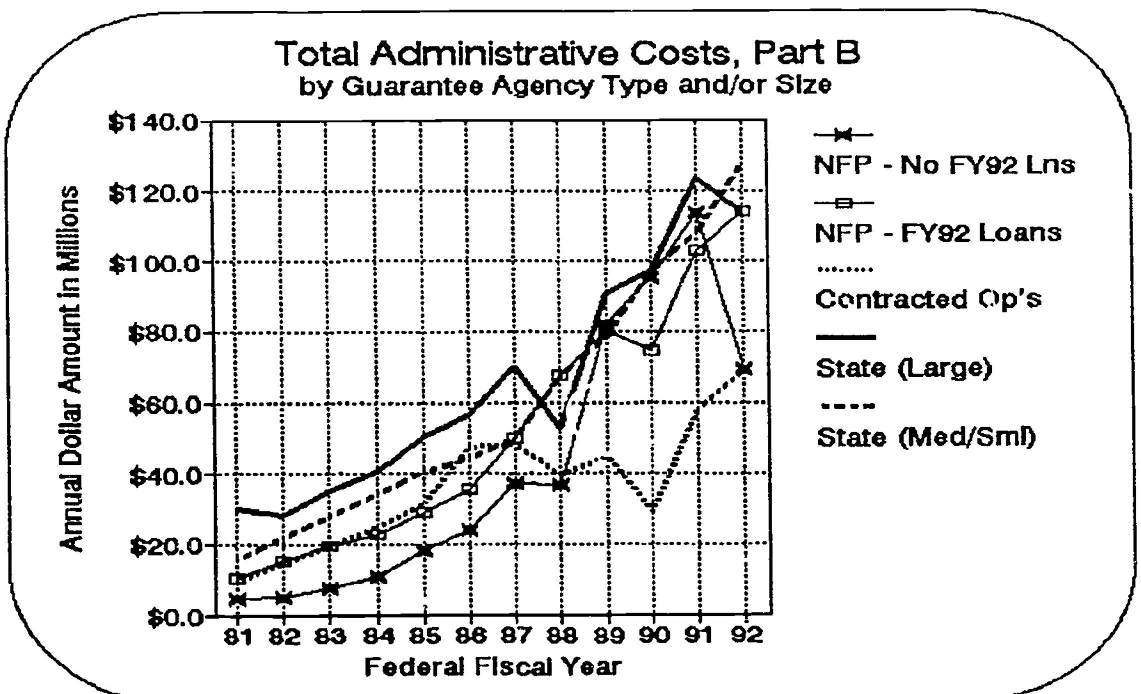

Figure 12

Table R	Insurance Premiums Received, Part B (Annual) in Millions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
Cum.	$14.773	$28.354	$21.019	$75.696	$58.135	$197.977
FY81	$13.687	$19.542	$22.965	$18.251	$22.341	$96.786
FY82	$11.144	$11.832	$27.260	$31.457	$22.671	$104.364
FY83	$12.983	$17.211	$26.998	$24.334	$28.764	$110.290
FY84	$14.450	$18.790	$34.039	$22.806	$33.982	$124.067
FY85	$20.562	$22.295	$38.925	$27.066	$36.353	$145.201
FY86	$23.142	$24.124	$35.701	$22.974	$23.175	$129.116
FY87	$30.551	$27.497	$30.109	$37.460	$35.632	$161.249
FY88	$43.708	$35.277	$25.602	$12.627	$28.680	$145.894
FY89	$29.026	$52.472	$33.085	$27.109	$34.232	$175.924
FY90	$20.975	$55.636	$30.907	$34.941	$30.821	$173.280
FY91	$10.359	$70.457	$33.490	$36.897	$39.405	$190.608
FY92	$0.097	$92.289	$42.284	$38.443	$46.457	$219.570
Total	$245.457	$475.776	$402.384	$410.061	$440.648	$1,974.326

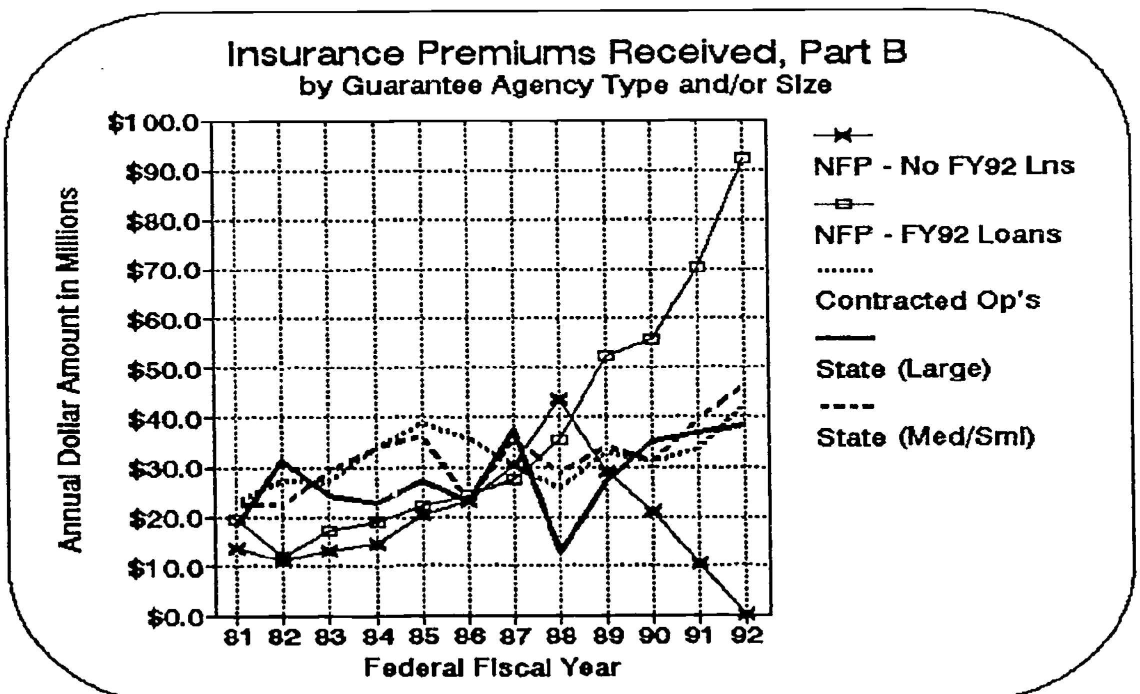

Figure 13

Table S	Reinsurance Reimbursements Received (Annual) in Billions by Guarantee Agency Type and/or Size					
Fiscal Year	Non-Profit No FY92 Loans	Non-Profit FY92 Loans	Contracted Operations	State Agency Large	State Agency Medium/Small	All Agencies
Cum.	$0.004	$0.044	$0.014	$0.410	$0.158	$0.630
FY81	$0.010	$0.019	$0.006	$0.114	$0.046	$0.195
FY82	$0.009	$0.028	$0.023	$0.109	$0.062	$0.231
FY83	$0.033	$0.060	$0.059	$0.166	$0.091	$0.409
FY84	$0.068	$0.085	$0.137	$0.234	$0.136	$0.659
FY85	$0.090	$0.120	$0.167	$0.345	$0.185	$0.907
FY86	$0.131	$0.167	$0.343	$0.398	$0.248	$1.287
FY87	$0.216	$0.163	$0.256	$0.380	$0.193	$1.213
FY88	$0.427	$0.207	$0.215	$0.300	$0.214	$1.364
FY89	$0.678	$0.259	$0.245	$0.415	$0.199	$1.795
FY90	$0.799	$0.448	$0.364	$0.593	$0.234	$2.438
FY91	$1.202	$0.587	$0.608	$0.623	$0.358	$3.377
FY92	$0.609	$0.639	$0.589	$0.822	$0.507	$3.165
Total	$4.276	$2.830	$3.026	$4.909	$2.630	$17.670

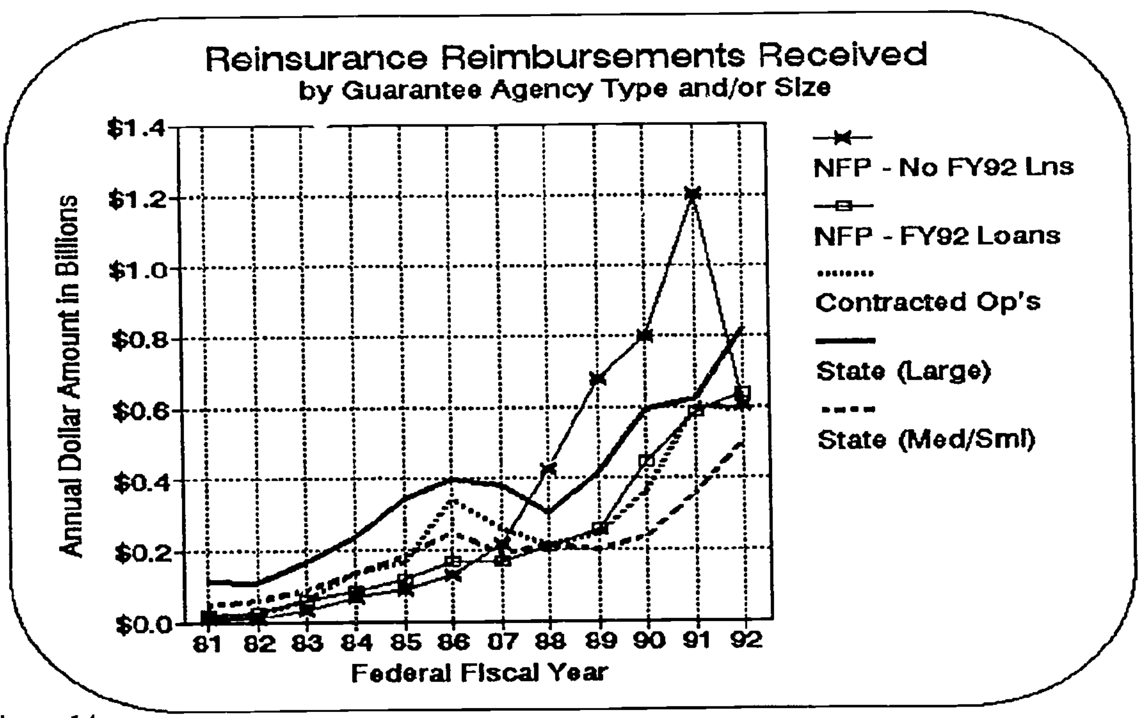

Figure 14

Part III
The Lessons of the Past

The authors have been observers and participants in many changes in higher education policies over the last three decades, both at the federal level and at a state level. The debates preceding all of these changes have a surprising number of things in common. This also is true of the current debates over student aid policy. As this paper is being written, the current debate affecting the guaranteed student loan program involves its possible replacement by an income-contingent, campus-based direct loan program. Much as been written by others defending or criticizing various aspects of the proposed direct program. Therefore, instead of merely synthesizing those arguments, the authors wish to focus most of their comments on how a state's budget process treated changes in Federal financial aid programs during their tenure as state financial aid administrators. If not taken into account, unforeseen actions by states can greatly impact the long-term costs of a Federal program or place additional demands on that program to the ultimate detriment of the students they all serve.

Impact on Average Indebtedness

One factor which must be examined in the case of any new program is whether it removes any pressures which currently act to keep average indebtedness at their current levels? For instance, under the existing repayment requirements of the most major student loan programs[30], additional indebtedness translate into higher monthly payments. The policy-makers who determine which costs should be passed

[30]Specifically, the fixed-length (in years) repayment limits of most major programs.

on to students,[31] have to first consider the limits of their constituents' tolerance for increased monthly loan repayment obligations. At some point under the current programs, the potential for increased debt burdens causes those constituents make different educational choices.

Until now, many students and families have determined the acceptable amounts of debt for them in terms of whether or not they could afford the monthly payment. If a program feature such as income-contingent repayment protects those consumers from ever having to commit more than a fixed percentage of anticipated income, it is possible that increased requirements for borrowing to meet costs of education might become more acceptable to those consumers. If this is the case, it will cause behavior changes in the budgetary decisions of states and others who set prices of educational services.

Unanticipated Program Demand

When a new federal benefit such as the direct loan program becomes available, state governments, schools, and other sources of higher education funding automatically examine whether the program funds can (1) replace some of the funds they otherwise would have provided, and/or (2) be captured in greater amounts by increasing the prices they charge students for tuition and other educational costs without greatly impacting demand for those services. The possible impact of an income-contingent repayment plan is discussed in previous paragraph. The other feature of the proposed direct lending program which needs to be studied is the impact of school and state fiscal policies of changing the current lender-based program to a government-appropriated, campus-based, entitlement[32] program.

During the authors' tenure with a state student financial aid commission, the state's annual higher education budget process would first take into account the amounts of any Federal program funding (Basic Grants, Perkins Loans) available to the

[31]Those who set private school tuition levels, determine funding for state, federal, and private grants, determine the amounts to be contributed for public school tuition subsidies, etc.

[32]Where it is the borrower that is entitled to a loan, as opposed to the entitlements due in payments to other parties (lenders, guarantee agencies) in the current program.

private school sector and the public school sector before setting the funding level for the state's grant program and the tuition support funding for the public universities. Guaranteed loans were not treated as part of the schools' incoming pool of available Federal funds. That may change if the program shifts to a campus-based, government-appropriated, entitlement program.

Even if student borrowing levels stay the same, the perception of change from "students' money" (borrowed from lenders) and "schools' money" (appropriated by the Federal Government) could cause states to factor the program differently in its higher education budget equations. This would be especially true if the program is an entitlement program which promises that the state constituents will be given repayment terms which are not burdensome regardless the earning potential of the borrower. Whether that change would impact the support for state grant funding or support for low tuitions at public schools could vary widely from state to state. If state funding support was impacted, it probably would be experienced more commonly as diminished rates of increase in funding rather than funding cuts.

Vulnerability to Subsequent, Unwanted Change

This is a value-laden question, and one of the focuses of the debate surrounding the proposed direct student loan program. As in most such debates, the arguments focus at the extremes: "Once the direct loan program is in place, it'll never be fully funded and will end up being rationed" or, conversely, "The current guaranteed student loan program is just as vulnerable to lack of funding as the proposed direct program." The problems are more often encountered at the margins rather than at the extremes; student grant ceilings are raised $100 rather than $200, or public tuition in a state is raised $75 rather than $50.

The vulnerability of a program to receiving less than full funding can depend on many things, but the guaranteed student loan program has enjoyed two features which were advantages in past years, but which may have become its strongest liabilities in the direct loan debate. The first of these features is that the program has had a broader constituency than most financial aid programs. In past years, these groups—which include the lenders, guarantee agencies, servicers, and secondary markets—have helped the educational institutions bear the burdens of promoting program funding.

The second feature which has lent some protection to the funding levels of the guaranteed student loan program has been the structure of the program itself. It technically does not lend itself easily to the possibilities of geographical or institutional quotas, annual fluctuations in maximum loan amounts, different eligibility criteria by institutional type, or other means of shaving dollars from a program's budget that are far easier to enforce with respect to campus-based programs. This is not to deny Congress' power to do any of these things with the program. Rather, the program's structure is such that it would be so complicated to do these things, that it would be far easier to accomplish those goals from a technical standpoint just to replace the program with another, more manipulable structure.

The intentions of the designers of new programs are not always the same as those who will regulate and fund the program in future years. Where one Administration and Congress may seek merely to streamline administrative procedures and reduce costs without changing loan access or eligibility requirements, another Administration and Congress may seek to use the a new structure to balance perceived sector inequities between public and private schools, to bring pressure on pricing policies of certain groups of institutions, or any other number of future public policy issues. Those with an interest in maintaining the current levels of availability of lending capital must evaluate any changes to the structure of the student credit program in terms of how easily the new program lends itself such potential manipulations—whether or not those are the intent of the current sponsors.

Additional Comments

There are many other areas of inquiry which will not be addressed in this paper, but which bear consideration. Issues such as how an direct, income-contingent loan program will impact future lives families where two (or three) generations may be paying on their student loans? How would an income-contingent repayment plan impact borrowers' choice of employment? Would there be more borrowers feeling free to choose lower-paying or part-time employment? How does it impact the length of time lending capital is outstanding from loan disbursement to final payment, and what increased costs are associated with providing that capital for longer periods of time. Will the elimination of guarantee agencies and lenders decrease—or increase—the potential for fraud and abuse? There are many other such questions, the answers to which will sometimes highlight strengths of a direct, income-contingent loan program and at other times will point to weaknesses of such a delivery system.

If the direct loan program becomes law, many of these questions will not be adequately answered until the program has reached some level of maturity. That was one of the central lessons of the Guaranteed Loan Program. The authors listened to many dire predictions concerning the new program in 1965. A few problems were correctly anticipated. Many never came true. Some were a big surprise. Some of the most difficult ones never manifested in the early years of the program. One other lesson from 1965: there will be future attempts at changing the scope and purpose of any new program several times over its life.

Appendix

The following tables contain additional guarantee agency data to supplement the information in Part II. The data are taken from documents filed by the guarantee agencies with the United States Department of Education.

TABLE T — Contains annual data for the Federal fiscal years 1981 through 1992.

TABLE U — Contains additional statistical information on data for Federal fiscal year 1992.

All Loans — Title IV, Part B — Cumulative from November, 1965 through September, 1992.					
(All Dollars Stated in Millions)	Stafford	PLUS	SLS	Consol.	Total
All Original Guarantees Prior to Cancellations Dollar Amount & Number	$117,499.404 50,787,974	$5,825.877 1,875,387	$11,693.125 4,124,307	$4,894.631 323,920	$139,913.037 57,111,588
Mean Loan Amount	$2,314	$3,106	$2,835	$15,111	$2,450
All Loans Canceled (Full or Partial) Dollar Amount & Percent	$10,387.174 8.84%	$339.602 5.83%	$1,570.694 13.43%	$24.164 0.49%	$12,321.634 8.81%
Net Loans Guaranteed	$107,112.230	$5,486.275	$10,122.431	$4,870.467	$127,591.403

All Title IV, Part B, Loans — Cumulative as of Dates Shown (All Dollars Stated in Millions)

Col 1 - Loans Outstanding (Net Guarantees Minus Collections)
Col 2 - Mature Paper (Net Guarantees Minus Consolidated Minus Interim; +/-Transfers Cumulative)
Col 3 - Reserve Ratio (Dollars Potentially Payable For Each $1 Of Net/Reserve Funds)
Col 4 - Lenders' Default Claims Rate (Total Default Claims Paid Divided By Mature Paper)
Col 5 - Net Default Claims Rate (Total Default Claims Paid Minus All Collections Divided By Mature Paper)
Col 6 - Recovery Rate (Percentage of Total Collections Divided by all Default Claims Paid)
Col 7 - Loss Rate (Percentage Write-Off/Compromise Claims Divided by Mature Paper)

As of:	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7
9/30/81	$18,178.850	$8,518.586	$44.38	15.59%	13.55%	19.38%	0.30%
9/30/82	$23,108.026	$11,680.992	$43.57	18.79%	16.88%	20.57%	0.20%
9/30/83	$28,254.955	$16,740.543	$47.65	14.44%	12.64%	18.20%	0.15%
9/30/84	$34,043.112	$22,539.228	$49.93	12.69%	10.89%	17.84%	0.13%
9/30/85	$40,009.529	$28,737.388	$50.95	12.01%	9.97%	19.04%	0.11%
9/30/86	$45,273.557	$36,329.410	$44.66	12.01%	9.59%	19.90%	0.26%
9/30/87	$52,705.412	$46,341.034	$57.56	12.41%	9.60%	22.58%	0.15%
9/30/88	$74,187.684	$56,483.494	$72.93	12.74%	9.44%	25.93%	0.12%
9/30/89	$85,961.705	$67,100.370	$71.06	13.29%	9.56%	28.07%	0.20%
9/30/90	$96,771.394	$78,769.322	$96.69	15.00%	10.75%	28.35%	0.19%
9/30/91	$108,859.774	$90,621.583	$105.99	16.60%	11.80%	28.90%	0.23%
9/30/92	$121,982.625	$99,906.990	$80.31	17.71%	12.06%	31.86%	0.23%

Net Guarantees by Federal Fiscal Year ($'s in Millions)						
Year(s)	Number of Loans	% of Total	Cum. % of Total	Dollars	% of Total	Cum. % of Total
Stafford/GSL						
11/8/65-9/30/80	8,171,469	16.09%	16.09%	$14,420.463	13.46%	13.46%
10/1/80-9/30/81	3,281,201	6.46%	22.55%	$7,150.831	6.68%	20.14%
10/1/81-9/30/82	2,456,739	4.84%	27.39%	$5,603.006	5.23%	25.37%
10/1/82-9/30/83	2,751,939	5.42%	32.81%	$6,228.886	5.82%	31.19%
10/1/83-9/30/84	3,017,985	5.94%	38.75%	$7,017.133	6.55%	37.74%
10/1/84-9/30/85	3,366,751	6.63%	45.38%	$7,715.100	7.20%	44.94%
10/1/85-9/30/86	3,165,368	6.23%	51.61%	$7,040.514	6.57%	51.51%
10/1/86-9/30/87	3,501,464	6.89%	58.50%	$7,682.422	7.17%	58.68%
10/1/87-9/30/88	3,346,517	6.59%	65.09%	$8,066.624	7.53%	66.21%
10/1/88-9/30/89	6,289,984	12.38%	77.47%	$8,418.759	7.86%	74.07%
10/1/89-9/30/90	3,617,217	7.12%	84.59%	$8,493.804	7.93%	82.00%
10/1/90-9/30/91	3,840,212	7.56%	92.15%	$9,280.633	8.66%	90.66%
10/1/91-9/30/92	3,981,128	7.84%	100.00%	$9,994.055	9.33%	100.00%
11/8/65-9/30/92	50,787,974	100.00%	-----	$107,112.230	100.00%	-----
PLUS/Parent						
11/8/65-9/30/80	-----	-----	-----	-----	-----	-----
10/1/80-9/30/81	-----	-----	-----	-----	-----	-----
10/1/81-9/30/82	26,211	1.40%	1.40%	$65.266	1.19%	1.19%
10/1/82-9/30/83	32,270	1.72%	3.12%	$145.618	2.65%	3.84%
10/1/83-9/30/84	16,248	0.87%	3.99%	$186.074	3.39%	7.23%
10/1/84-9/30/85	19,731	1.05%	5.04%	$235.206	4.29%	11.52%
10/1/85-9/30/86	260,784	13.91%	18.95%	$258.825	4.72%	16.24%
10/1/86-9/30/87	152,067	8.11%	27.06%	$403.698	7.36%	23.60%
10/1/87-9/30/88	178,146	9.50%	36.56%	$515.924	9.40%	33.00%
10/1/88-9/30/89	194,171	10.35%	46.91%	$603.032	10.99%	43.99%
10/1/89-9/30/90	273,245	14.57%	61.48%	$831.148	15.15%	59.14%
10/1/90-9/30/91	331,511	17.68%	89.16%	$1,012.529	18.46%	77.60%
10/1/91-9/30/92	391,003	20.85%	100.00%	$1,228.995	22.40%	100.00%
11/8/65-9/30/92	1,875,387	100.00%	-----	$5,486.275	100.00%	-----

Net Guarantees by Federal Fiscal Year ($'s in Millions)						
Year(s)	Number of Loans	% of Total	Cum. % of Total	Dollars	% of Total	Cum. % of Total
Supplemental/SLS						
11/8/65-9/30/80	-----	-----	-----	-----	-----	-----
10/1/80-9/30/81	-----	-----	-----	-----	-----	-----
10/1/81-9/30/82	11,998	0.29%	0.29%	$28.340	0.28%	0.28%
10/1/82-9/30/83	29,267	0.71%	1.00%	$97.468	0.96%	1.24%
10/1/83-9/30/84	26,163	0.63%	1.63%	$159.265	1.57%	2.81%
10/1/84-9/30/85	63,411	1.54%	3.17%	$309.042	3.05%	5.86%
10/1/85-9/30/86	196,325	4.76%	7.93%	$227.243	2.24%	8.10%
10/1/86-9/30/87	241,979	5.87%	13.80%	$653.360	6.45%	14.55%
10/1/87-9/30/88	716,356	17.37%	31.17%	$1,709.436	16.89%	31.44%
10/1/88-9/30/89	837,479	20.31%	51.48%	$1,925.568	19.02%	50.46%
10/1/89-9/30/90	614,027	14.89%	66.37%	$1,444.822	14.27%	64.73%
10/1/90-9/30/91	645,287	15.65%	82.02%	$1,654.935	16.35%	81.08%
10/1/91-9/30/92	742,015	17.99%	100.00%	$1,912.952	18.90%	100.00%
11/8/65-9/30/92	4,124,307	100.00%	-----	$10,122.431	100.00%	-----
Consolidated						
10/1/87-9/30/88	63,662	19.65%	19.65%	$908.643	18.66%	18.66%
10/1/88-9/30/89	48,957	15.11%	34.76%	$684.665	14.06%	32.72%
10/1/89-9/30/90	56,057	17.31%	52.07%	$807.795	16.59%	49.31%
10/1/90-9/30/91	71,971	22.22%	74.29%	$1,110.738	22.81%	62.12%
10/1/91-9/30/92	83,273	25.71%	100.00%	$1,358.626	27.90%	100.00%
11/8/65-9/30/92	323,920	100.00%	-----	$4,870.467	100.00%	-----
All Title IV, Part B						
11/8/65-9/30/80	8,171,469	14.31%	14.31%	$14,420.463	11.30%	11.30%
10/1/80-9/30/81	3,281,201	5.75%	20.06%	$7,231.831	5.67%	16.97%
10/1/81-9/30/82	2,494,948	4.37%	24.43%	$5,696.612	4.46%	21.43%
10/1/82-9/30/83	2,813,476	4.93%	29.36%	$6,471.972	5.07%	26.50%
10/1/83-9/30/84	3,060,396	5.36%	34.72%	$7,362.472	5.77%	32.27%
10/1/84-9/30/85	3,449,893	6.04%	40.76%	$8,259.348	6.47%	38.74%
10/1/85-9/30/86	3,622,477	6.34%	47.10%	$7,526.582	5.90%	44.64%
10/1/86-9/30/87	3,895,510	6.82%	53.92%	$8,739.480	6.85%	51.49%
10/1/87-9/30/88	4,304,681	7.54%	61.46%	$11,200.627	8.78%	60.27%
10/1/88-9/30/89	7,370,591	12.91%	74.37%	$11,632.024	9.12%	69.39%
10/1/89-9/30/90	4,560,546	7.99%	82.36%	$11,577.569	9.07%	78.46%
10/1/90-9/30/91	4,888,981	8.56%	90.92%	$13,058.835	10.23%	88.69%
10/1/91-9/30/92	5,197,419	9.10%	100.00%	$14,494.628	11.36%	100.00%
11/8/65-9/30/92	57,111,588	100.00%	-----	$127,591.403	100.00%	-----

Year	Stafford	PLUS	SLS	Consol.	Total
Loans TransFerred In (Dollars In Millions)					
As of 9/30/88	$4.365	$0.344	$0.026	$0.000	$4.735
As of 9/30/89	$7.865	$0.347	$0.295	$0.000	$8.507
As of 9/30/90	$10.073	$0.403	$0.781	$5.562	$16.819
As of 9/30/91	$2,526.420	$51.612	$313.243	$11.149	$2,902.424
As of 9/30/92	$3,306.926	$104.724	$472.509	$225.459	$4,109.618
Loans TransFerred Out (Dollars In Millions)					
As of 9/30/88	$22.987	$0.000	$0.000	$0.000	$22.987
As of 9/30/89	$41.791	$0.348	$0.026	$0.000	$42.165
As of 9/30/90	$30.802	$0.380	$0.047	$5.562	$36.791
As of 9/30/91	$7,685.315	$51.598	$313.226	$11.150	$8,061.289
As of 9/30/92	$3,350.998	$104.594	$474.385	$225.459	$4,155.436
Loans Refinanced (Dollars In Millions)					
As of 9/30/88	-----	$22.257	$29.042	-----	$51.299
As of 9/30/89	-----	$30.829	$49.267	-----	$80.096
As of 9/30/90	-----	$36.537	$68.215	-----	$104.752
As of 9/30/91	-----	$39.190	$79.519	-----	$118.709
As of 9/30/92	-----	$40.948	$82.996	-----	$123.944

Title IV, Part B Loans Paid-In-Full (Principal Only)	
Cumulative in Millions	
As of 9/30/81	$2,315.638
As of 9/30/82	$2,670.780
As of 9/30/83	$3,195.037
As of 9/30/84	$3,737.626
As of 9/30/85	$4,300.942
As of 9/30/86	$5,357.080
As of 9/30/87	$6,796.619
As of 9/30/88	$8,194.464
As of 9/30/89	$9,972.011
As of 9/30/90	$12,121.636
As of 9/30/91	$15,221.431
As of 9/30/92	$19,701.935

Stafford/GSL Loans in Interim Status	
Cumulative in Millions	
As of 9/30/81	$12,933.92
As of 9/30/82	$15,386.211
As of 9/30/83	$16,507.576
As of 9/30/84	$17,690.043
As of 9/30/85	$19,158.814
As of 9/30/86	$18,881.427
As of 9/30/87	$19,248.547
As of 9/30/88	$19,440.588
As of 9/30/89	$19.817.941
As of 9/30/90	$18,950.793
As of 9/30/91	$19,073.962
As of 9/30/92	$22,941.363

Composition of Consolidated Loans * as of 9/30/92	
Loan Type	**% of Total**
Stafford	73.21%
SLS	21.32%
FISL	0.39%
HPSL	0.50%
Perkins	4.57%

* Percentages computed on dollar amounts

Default Claims Paid (ANNUAL AND CUMULATIVE DOLLARS STATED IN MILLIONS)

As of:	Annual		Mean Claim Paid	Cumulative	
	NUMBER	DOLLARS		NUMBER	DOLLARS
Stafford/GSL					
9/30/81	-----	-----	-----	442,326	$866.691
9/30/82	89,178	$222.170	$2,491	531,504	$1,088.861
9/30/83	166,892	$443.661	$2,658	698,396	$1,532.522
9/30/84	222,745	$590.836	$2,653	921,141	$2,123.358
9/30/85	328,261	$911.464	$2,777	1,249,402	$3,034.822
9/30/86	386,584	$1,338.273	$3,462	1,635,986	$4,373.095
9/30/87	470,488	$1,375.498	$2,924	2,106,474	$5,748.593
9/30/88	465,711	$1,351.691	$2,902	2,572,185	$7,100.197
9/30/89	588,299	$1,666.603	$2,833	3,160,484	$8,766.800
9/30/90	697,159	$1,921.407	$2,756	3,857,643	$10,688.203
9/30/91	834,846	$2,457.050	$2,943	4,692,489	$13,145.253
9/30/92	669,835	$2,032.567	$2,824	5,362,324	$15,177.820
PLUS					
9/30/88	-----	-----	-----	13,622	$37.739
9/30/89	11,197	$31.873	$2,847	24,819	$69.612
9/30/90	13,103	$39.414	$3,008	37,922	$109.026
9/30/91	20,570	$67.792	$3,296	58,492	$176.818
9/30/92	22,241	$77.655	$3,152	80,733	$254.473
SLS					
9/30/88	-----	-----	-----	22,337	$75.298
9/30/89	103,424	$27.261	$264	125,761	$102.559
9/30/90	228,142	$900.269	$3,946	353,903	$1,002.828
9/30/91	213,133	$633.073	$2,970	567,036	$1,635.901
9/30/92	134,535	$440.486	$2,960	701,571	$2,076.387
Consolidated					
9/30/88	-----	-----	-----	77	$1.062
9/30/89	884	$11.535	$13,049	961	$12.597
9/30/90	2,767	$34.905	$12,615	3,728	$47.502
9/30/91	5,639	$71.823	$12,737	9,367	$119.325
9/30/92	7,800	$93.076	$12,373	17,167	$212.401
Total					
9/30/81	-----	-----	-----	442,326	$1,328.293
9/30/82	89,178	$222.170	$2,491	531,504	$2,194.984
9/30/83	166,892	$443.681	$2,658	698,396	$2,417.154
9/30/84	222,745	$590.836	$2,653	921,141	$2,860.815
9/30/85	328,261	$911.464	$2,777	1,249,402	$3,451.651
9/30/86	386,584	$1,338.273	$3,462	1,635,986	$4,363.115
9/30/87	470,488	$1,375.498	$2,924	2,106,474	$5,748.613
9/30/88	501,747	$1,449.790	$2,889	2,608,221	$7,198.403
9/30/89	703,804	$1,718.558	$2,442	3,312,025	$8,916.961
9/30/90	941,171	$2,898.192	$3,079	4,253,196	$11,815.153
9/30/91	1,074,188	$3,229.738	$3,007	5,327,384	$15,044.891
9/30/92	834,411	$2,643.784	$2,871	6,161,795	$17,688.675

Bankruptcies (all types) Claims Paid (ANNUAL & CUMULATIVE DOLLARS STATED IN MILLIONS)					
As of:	Annual		Mean Claim Paid	Cumulative	
	NUMBER	DOLLARS		NUMBER	DOLLARS
Stafford/GSL					
9/30/81	-----	-----	-----	16,742	$47.149
9/30/82	3,471	$11.587	$3,338	20,213	$58.736
9/30/83	4,578	$15.532	$3,393	24,791	$74.268
9/30/84	4,415	$15.356	$3,478	29,206	$89.624
9/30/85	6,132	$26.879	$4,383	35,338	$116.503
9/30/86	7,461	$30.540	$4,093	42,799	$147.043
9/30/87	8,426	$20.629	$2,448	51,225	$167.672
9/30/88	9,497	$23.592	$2,484	60,722	$191.264
9/30/89	9,991	$31.597	$3,163	70,713	$222.861
9/30/90	13,154	$46.548	$3,539	83,867	$269.409
9/30/91	11,782	$38.742	$3,288	95,649	$308.151
9/30/92	14,319	$48.502	$3,243	109,968	$356.653
PLUS					
9/30/88	-----	-----	-----	796	$2.566
9/30/89	290	$0.930	$3,207	1,086	$3.496
9/30/90	680	$2.499	$3,675	1,766	$5.995
9/30/91	956	$3.894	$3,633	2,722	$9.889
9/30/92	1,216	$5.546	$3,920	3,938	$15.435
SLS					
9/30/88	-----	-----	-----	677	$2.222
9/30/89	945	$3.291	$3,483	1,622	$5.513
9/30/90	2,590	$8.369	$3,231	4,212	$13.882
9/30/91	1,757	$6.410	$3,400	5,969	$20.292
9/30/92	2,589	$8.734	$3,392	8,558	$29.026
Consolidated					
9/30/88	-----	-----	-----	56	$0.825
9/30/89	139	$2.155	$15,504	195	$2.980
9/30/90	402	$5.833	$14,510	597	$8.813
9/30/91	365	$5.353	$14,666	962	$14.166
9/30/92	701	$8.535	$13,651	1,663	$22.701
Total					
9/30/81	-----	-----	-----	16,742	$47.149
9/30/82	3,471	$11.587	$3,338	20,213	$58.736
9/30/83	4,578	$15.532	$3,393	24,791	$74.268
9/30/84	4,415	$15.356	$3,478	29,206	$89.624
9/30/85	6,132	$26.879	$4,383	35,338	$116.503
9/30/86	7,461	$30.540	$4,093	42,799	$147.043
9/30/87	8,426	$20.629	$2,448	51,225	$167.672
9/30/88	11,026	$29.205	$2,649	62,251	$196.877
9/30/89	11,365	$37.973	$3,341	73,616	$234.850
9/30/90	16,826	$63.249	$3,759	90,442	$298.099
9/30/91	14,860	$54.399	$3,661	105,302	$352.498
9/30/92	18,825	$71.317	$3,414	124,127	$423.815

Death & Disability Claims (Annual and Cumulative Dollars Stated in Millions)					
As of:	Annual		Mean Claim Paid	Cumulative	
	Number	Dollars		Number	Dollars
Stafford					
9/30/81	-----	-----	-----	16,918	$47.645
9/30/82	2,934	$10.041	$3,422	19,852	$57.686
9/30/83	4,316	$14.715	$3,409	24,168	$72.401
9/30/84	5,318	$18.083	$3,400	29,486	$90.484
9/30/85	5,874	$26.091	$4,442	35,360	$116.575
9/30/86	7,349	$30.158	$4,104	42,709	$146.733
9/30/87	11,320	$30.117	$2,661	54,029	$176.850
9/30/88	6,316	$15.754	$2,494	60,345	$192.604
9/30/89	10,737	$39.813	$3,708	71,082	$232.417
9/30/90	11,577	$43.092	$3,722	82,659	$275.509
9/30/91	13,324	$48.192	$3,617	95,983	$323.701
9/30/92	14,855	$61,186	$3,473	110,838	$384.887
PLUS					
9/30/88	-----	-----	-----	2,230	$6.577
9/30/89	930	$2.928	$3,148	3,160	$9.505
9/30/90	1,350	$4.775	$3,537	4,510	$14.280
9/30/91	1,846	$7.133	$3,864	6,356	$21.413
9/30/92	2,441	$9.961	$3,566	8,797	$31.374
SLS					
9/30/88	-----	-----	-----	628	$2.132
9/30/89	962	$2.972	$3,089	1,590	$5.104
9/30/90	1,611	$4.902	$3,043	3,201	$10.006
9/30/91	2,171	$7.417	$3,416	5,372	$17.423
9/30/92	2,444	$9.114	$3,395	7,816	$26.537
Consolidated					
9/30/88	-----	-----	-----	29	$0.429
9/30/89	70	$1.055	$15,071	99	$1.484
9/30/90	116	$1.586	$13,672	215	$3.070
9/30/91	217	$3.053	$14,069	432	$6.123
9/30/92	439	$6.342	$14,311	871	$12.465
Total					
9/30/81	-----	-----	-----	16,918	$47.645
9/30/82	2,934	$10.041	$3,422	19,852	$57.686
9/30/83	4,316	$14.715	$3,409	24,168	$72.401
9/30/84	5,318	$18.083	$3,400	29,486	$90.484
9/30/85	5,874	$26.091	$4,442	35,360	$116.575
9/30/86	7,349	$30.158	$4,104	42,709	$146.733
9/30/87	11,320	$30.117	$2,661	54,029	$176.850
9/30/88	9,203	$24.892	$2,705	63,232	$201.742
9/30/89	12,699	$46.768	$3,683	75,931	$248.510
9/30/90	14,654	$54.355	$3,709	90,585	$302.865
9/30/91	17,558	$65.795	$3,747	108,143	$368.660
9/30/92	20,179	$86.603	$3,548	128,322	$455.263

Collections (Cumulative Dollars in Millions)

As of:	Stafford	PLUS	SLS	Consol.	Total	As of:	Stafford	PLUS	SLS	Consol.	Total
Collections of Claims By Agency-In House						**Collections of Claims By Outside Agents**					
9/30/81	$133.613	-----	-----	-----	$133.613	9/30/81	$40.579	-----	-----	-----	$40.579
9/30/82	$169.543	-----	-----	-----	$169.543	9/30/82	$54.166	-----	-----	-----	$54.166
9/30/83	$220.971	-----	-----	-----	$220.971	9/30/83	$79.677	-----	-----	-----	$79.677
9/30/84	$272.373	-----	-----	-----	$272.373	9/30/84	$132.976	-----	-----	-----	$132.976
9/30/85	$374.038	-----	-----	-----	$374.038	9/30/85	$212.577	-----	-----	-----	$212.577
9/30/86	$531.936	-----	-----	-----	$531.963	9/30/86	$346.748	-----	-----	-----	$346.748
9/30/87	$757.452	-----	-----	-----	$757.452	9/30/87	$540.812	-----	-----	-----	$540.812
9/30/88	$990.539	$2.661	$4.074	$0.002	$997.276	9/30/88	$645.073	$2.876	$4.831	$0.000	$652.780
9/30/89	$1,232.822	$4.066	$12.307	$0.164	$1,249.359	9/30/89	$877.655	$5.258	$6.281	$0.016	$889.210
9/30/90	$1,577.147	$6.378	$16.398	$1.093	$1,601.016	9/30/90	$1,161.700	$9.077	$24.208	$0.245	$1,195.230
9/30/91	$1,881.484	$10.823	$36.034	$3.274	$1,931.615	9/30/91	$1,470.737	$14.551	$48.470	$1.278	$1,535.036
9/30/92	$2,247.573	$18.912	$58.606	$8.823	$2,333.914	9/30/92	$1,856.402	$25.057	$85.845	$4.035	$1,971.339
Collections of Claims By IRS Refund Offset						**Collections of Claims — Total**					
9/30/81	-----	-----	-----	-----	-----	9/30/81	$174.192	-----	-----	-----	$174.192
9/30/82	-----	-----	-----	-----	-----	9/30/82	$223.709	-----	-----	-----	$223.709
9/30/83	-----	-----	-----	-----	-----	9/30/83	$300.648	-----	-----	-----	$300.648
9/30/84	-----	-----	-----	-----	-----	9/30/84	$405.349	-----	-----	-----	$405.349
9/30/85	-----	-----	-----	-----	-----	9/30/85	$586.614	-----	-----	-----	$586.614
9/30/86	-----	-----	-----	-----	-----	9/30/86	$878.711	-----	-----	-----	$878.711
9/30/87	-----	-----	-----	-----	-----	9/30/87	$1,298.264	-----	-----	-----	$1,298.264
9/30/88	$215.664	$0.422	$0.238	$0.000	$216.324	9/30/88	$1,851.276	$5.959	$9.143	$0.002	$1,866.380
9/30/89	$363.093	$1.009	$0.600	$0.010	$364.712	9/30/89	$2,473.570	$10.333	$19.188	$0.190	$2,503.281
9/30/90	$538.574	$2.497	$11.459	$0.126	$552.656	9/30/90	$3,277.421	$17.952	$52.065	$1.464	$3,348.902
9/30/91	$826.426	$5.682	$48.176	$0.513	$880.797	9/30/91	$4,178.647	$31.056	$132.680	$5.065	$4,347.448
9/30/92	$1,209.464	$11.104	$109.187	$1.187	$1,330.942	9/30/92	$5,313.439	$55.073	$253.638	$14.045	$5,636.195

Claims Paid (Number)

As of:	Stafford	PLUS	SLS	Consol.	Total
Currently Unresolved Accounts					
9/30/81	172,166	-----	-----	-----	172,166
9/30/82	184,639	-----	-----	-----	184,639
9/30/83	246,909	-----	-----	-----	246,909
9/30/84	312,534	-----	-----	-----	312,534
9/30/85	474,250	-----	-----	-----	474,250
9/30/86	682,806	-----	-----	-----	682,806
9/30/87	841,832	-----	-----	-----	841,832
9/30/88	1,403,945	10,532	16,032	71	1,430,580
9/30/89	1,814,604	19,673	108,954	847	1,944,078
9/30/90	1,735,809	27,544	252,182	3,108	2,018,643
9/30/91	2,160,005	40,900	328,279	7,385	2,536,569
9/30/92	2,140,045	50,444	338,714	10,446	2,539,649

As of:	Stafford	PLUS	SLS	Consol.	Total
Temporary Assignment To Dept. Education					
9/30/88	185,705	122	829	0	186,656
9/30/89	109,656	141	710	1	110,508
9/30/90	609,263	2,195	63,746	89	675,293
9/30/91	880,043	4,400	167,916	203	1,052,562
9/30/92	1,085,221	8,221	237,302	1,276	1,332,020
Permanent Assignment to Department of Education					
9/30/88	22,247	3	5	0	22,255
9/30/89	82,410	23	14	0	82,447
9/30/90	107,699	27	46	0	107,772
9/30/91	187,391	120	3,376	198	191,085
9/30/92	449,571	926	29,225	13	479,735

Percentage of All Collections By Type Claim (Dollar) as of:

Type Claim	9/30/88	9/30/89	9/30/90	9/30/91	9/30/92
Bankruptcy 7-11	0.73%	0.73%	0.71%	0.78%	0.68%
Bankruptcy 12-13	0.20%	0.23%	0.29%	0.31%	0.38%
Death/Disabled	0.40%	0.37%	0.33%	0.36%	0.26%
Write-Offs	4.41%	5.01%	3.98%	4.20%	4.16%
Repaid in Full	38.80%	39.35%	41.57%	41.93%	43.65%
In Litigation	3.67%	3.71%	3.44%	3.24%	2.03%
Bnkrcy12-13 Act.	0.38%	0.44%	0.58%	0.62%	0.72%
In Repayment	24.24%	24.01%	22.40%	19.09%	15.09%
Exclusions	0.02%	0.06%	0.06%	0.06%	0.08%
Unresolved	21.82%	22.97%	17.94%	20.17%	20.54%
Temp. to ED.	5.09%	2.28%	7.86%	7.75%	9.47%
Perm. to ED.	0.24%	0.85%	0.83%	1.49%	2.94%

Percentage of All Claims By Type Claim (Number) as of:

Type Claim	9/30/88	9/30/89	9/30/90	9/30/91	9/30/92
Bankruptcy 7-11	1.63%	1.56%	1.27%	1.33%	1.19%
Bankruptcy 12-13	0.22%	0.27%	0.34%	0.35%	0.40%
Death/Disabled	2.75%	2.71%	2.70%	2.63%	2.54%
Write-Offs	2.50%	2.27%	2.02%	2.13%	1.95%
Repaid in Full	11.23%	11.94%	13.73%	14.43%	15.86%
In Litigation	7.84%	8.79%	8.39%	4.17%	3.20%
Bnkrcy12-13 Act.	0.55%	0.57%	0.95%	1.05%	1.21%
In Repayment	13.64%	12.18%	9.44%	7.53%	7.14%
Exclusions	0.04%	0.05%	0.06%	0.09%	0.12%
Unresolved	51.89%	53.85%	43.25%	44.37%	38.66%
Temp. to ED.	6.88%	3.23%	15.18%	18.08%	19.61%
Perm. to ED.	0.82%	2.50%	2.80%	3.85%	8.12%

As of:	Stafford	PLUS	SLS	Consol.	Total
Supplemental Preclaims Assistance Costs (Dollars in Millions)					
9/30/88	$3.457	$0.010	$0.025	$0.000	$3.492
9/30/89	$7.845	$0.076	$0.302	$0.002	$8.225
9/30/90	$25.821	$0.259	$4.892	$0.010	$30.982
9/30/91	$39.698	$0.490	$7.537	$0.021	$47.746
9/30/92	$40.162	$0.511	$7.700	$0.022	$48.465

Claims Paid (Number)

As of:	Stafford	PLUS	SLS	Consol.	Total
Bankruptcy Types 7 & 11					
9/30/88	43,989	291	377	1	44,658
9/30/89	51,317	313	740	24	52,394
9/30/90	50,871	289	653	137	51,950
9/30/91	64,935	341	1,200	132	66,608
9/30/92	65,924	567	1,876	260	68,627
Bankruptcy Types 12 & 13					
9/30/88	5,922	37	41	1	6,001
9/30/89	8,850	64	116	16	9,046
9/30/90	13,531	150	327	19	14,027
9/30/91	16,802	263	644	32	17,741
9/30/92	22,068	465	1,189	79	23,801
Write-Off/Compromise (-Collection Terminated/Compromise)**					
9/30/81	29,838	-----	-----	-----	29,838
9/30/82	30,214	-----	-----	-----	30,214
9/30/83	32,814	-----	-----	-----	32,814
9/30/84	37,846	-----	-----	-----	37,846
9/30/85	39,965	-----	-----	-----	39,965
9/30/86	54,068	-----	-----	-----	54,068
9/30/87	68,668	-----	-----	-----	68,668
9/30/88	67,603	337	95	0	68,035
9/30/89	74,821	585	242	1	75,649
9/30/90	81,033	951	667	6	82,657
9/30/91**	103,439	1,645	1,824	18	106,926
9/30/92**	108,262	2,388	3,244	27	113,921
In Litigation					
9/30/81	45,803	-----	-----	-----	45,803
9/30/82	86,234	-----	-----	-----	86,234
9/30/83	123,975	-----	-----	-----	123,975
9/30/84	169,734	-----	-----	-----	169,734
9/30/85	203,748	-----	-----	-----	203,748
9/30/86	106,790	-----	-----	-----	106,790
9/30/87	244,411	-----	-----	-----	244,411
9/30/88	211,563	662	853	1	213,079
9/30/89	289,925	949	2,253	36	293,163
9/30/90	336,915	1,414	8,370	70	346,769
9/30/91	203,111	996	11,859	319	216,285
9/30/92	177,022	1,469	16,494	666	195,651

As of:	Stafford	PLUS	SLS	Consol.	Total
Bankruptcy Types 12 & 13 Active					
9/30/88	14,891	223	263	41	15,418
9/30/89	18,698	340	606	106	19,750
9/30/90	37,941	746	4,349	339	43,375
9/30/91	51,113	1,232	7,901	774	61,020
9/30/92	67,008	3,377	12,332	1,682	84,399
Repaid In Full					
9/30/81	52,430	-----	-----	-----	52,430
9/30/82	69,959	-----	-----	-----	69,959
9/30/83	90,331	-----	-----	-----	90,331
9/30/84	120,747	-----	-----	-----	120,747
9/30/85	151,568	-----	-----	-----	151,568
9/30/86	155,207	-----	-----	-----	155,207
9/30/87	192,212	-----	-----	-----	192,212
9/30/88	303,119	837	863	0	304,819
9/30/89	393,962	1,421	1,437	4	396,824
9/30/90	551,087	2,458	5,556	30	559,131
9/30/91	702,334	3,685	13,970	75	720,064
9/30/92	878,202	6,756	27,391	206	912,555
In Active Repayment					
9/30/81	131,893	-----	-----	-----	131,893
9/30/82	148,759	-----	-----	-----	148,759
9/30/83	191,321	-----	-----	-----	191,321
9/30/84	265,956	-----	-----	-----	265,956
9/30/85	360,027	-----	-----	-----	360,027
9/30/86	522,468	-----	-----	-----	522,468
9/30/87	495,799	-----	-----	-----	495,799
9/30/88	368,091	1,458	3,156	6	372,711
9/30/89	401,790	2,079	9,068	74	413,011
9/30/90	379,250	3,035	13,844	381	396,510
9/30/91	366,607	4,284	23,085	1,110	395,086
9/30/92	395,565	7,402	36,187	2,608	441,762

Guarantee Agency Sources of Funds (Cumulative in Millions of Dollars)									
Col 1 - Insurance Premiums Col 2 - State Appropriations Col 3 - Federal Advances Col 4 - Federal Reinsurance Received Col 5 - Administrative Cost Allowance Received					Col 6 - Total Collections on Claims Paid Col 7 - Investment Earnings Col 8 - Other Non-Federal Sources Col 9 All Sources				
Yr Ending	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
9/30/81	$318.229	$133.748	-----	$1,039.256	$97.508	$174.193	$121.675	$11.844	$2,024.345
9/30/82	$415.015	$146.384	-----	$1,234.370	$135.997	$223.707	$158.813	$13.030	$2,448.748
9/30/83	$519.379	$115.004	$104.830	$1,465.341	$190.487	$330.650	$208.163	$16.312	$2,950.008
9/30/84	$629.669	$124.162	$124.218	$2,072.325	$250.925	$405.801	$252.833	$25.570	$3,885.834
9/30/85	$774.872	$131.204	$143.433	$2,978.153	$299.326	$586.614	$334.570	Unk.	$5,280.711
9/30/86	$903.988	$123.230	$198.535	$4,264.842	$403.720	$878.711	$394.325	Unk.	$7,159.672
9/30/87	$1,064.630	$136.160	$202.162	$5,482.426	$507.225	$1,289.264	$464.920	Unk.	$9,098.786
9/30/88	$1,214.944	$143.866	$202.611	$6,894.798	$606.774	$1,635.512	$528.688	$79.895	$11,307.088
9/30/89	$1,390.868	$144.986	$200.010	$8,690.132	$727.754	$2,147.326	$593.908	$84.262	$13,979.246
9/30/90	$1,564.148	$146.238	$199.428	$11,127.917	$864.704	$2,747.699	$655.910	$1,448.799	$18,754.843
9/30/91	$1,754.756	$150.579	$204.440	$14,505.373	$1,028.982	$3,435.122	$701.087	$2,373.082	$24,153.441
9/30/92	$1,974.326	$151.704	$204.490	$17,670.219	$1,133.057	$4,254.555	$754.059	$2,696.080	$28,838.490

Guarantee Agency Uses of Funds (Cumulative in Millions of Dollars)											
Col 1 - Payment of Claims Col 2 - Collection Related Costs Col 3 - Total Administrative Operating Costs Col 4 - Lender Fees Col 5 - Collections Returned to Department of Education Col 6 - Fed. Advances Returned to Department of Education						Col 7 - Federal Reinsurance Fees Paid to Department of Education Col 8 - All Other Uses Col 9 - All Uses Before Contingent Adjustments Col 10 - Percent of All Sources to Uses Before Adjustments Col 11 - Percent of Collection-Related Costs to All Operating Costs					
Yr Ending	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9	Col 10	Col 11
9/30/81	$1,226.364	$12.501	$248.948	$25.162	$121.888	-----	-----	$52.234	$1,183.135	171.10	17.65
9/30/82	$1,411.658	$15.726	$319.777	$30.309	$151.357	-----	-----	$58.768	$1,734.726	141.16	19.69
9/30/83	$1,652.304	$19.735	$399.647	$35.965	$186.543	-----	-----	$77.454	$2,357.060	125.16	19.69
9/30/84	$2,279.789	$28.893	$524.603	$45.573	$250.302	-----	-----	$101.205	$3,203.134	121.31	23.29
9/30/85	$3,285.402	$41.868	$692.673	$52.798	$370.146	-----	-----	$89.245	$4,473.267	118.05	24.78
9/30/86	$4,628.416	$93.283	$960.410	$52.672	$549.210	-----	-----	$114.021	$6,429.083	111.36	34.84
9/30/87	$6,068.523	$114.405	$1,174.813	$56.148	$786.488	-----	-----	$142.497	$8,368.197	108.73	Unk.
9/30/88	$7,631.335	$557.627	$1,431.315	$59.401	$1,013.799	$124.287	$44.016	$297.097	$10,601.250	106.66	39.70
9/30/89	$9,702.358	$754.388	1,805.389	$62.058	$1,342.331	$141.516	$94.010	$346.152	$13,49[illegible].814	103.60	42.17
9/30/90	$12,474.133	$916.009	$2,204.822	$65.232	$1,671.571	$155.014	$129.534	$1,350.073	$18,050.379	103.90	41.55
9/30/91	$15,836.201	$1,100.643	$2,763.451	$71.358	$2,050.163	$161.125	$181.568	$2,535.729	$23,599.595	102.35	39.83
9/30/92	$18,583.920	$1,295.080	$3,185.333	$72.509	$2,482.205	$162.875	$214.479	$2,776.165	$27,477.486	104.95	40.66

Guarantee Agency Pending/Contingent Outstanding Obligations

Col 1 - Reinsurance Due From Department of Education
Col 2 - Administrative Cost Allowance Due from Department of Education
Col 3 - Collection Dollars Due to Department of Education
Col 4 - Reinsurance Fees Due to Department of Education
Col 5 - Other Pending Due/Owed By Agency
Col 6 - Net Administrative Funds After All Adjustments
Col 7 - Percent of Net Funds Available after Adjustments to All Sources

Yr Ending	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7				
9/30/81	$25.592	$21.528	$4.656	-----	$24.694	$475.807	18.84				
9/30/82	$43.392	$30.214	$6.049	-----	$13.700	$612.077	20.75				
9/30/83	$93.198	$35.534	$10.638	-----	$8.134	$710.658	24.09				
9/30/84	$119.597	$43.561	$11.721	-----	Unk.	$843.087	21.70				
9/30/85	$180.251	$73.048	$13.011	-----	Unk.	$986.056	18.67				
9/30/86	$193.563	$55.752	$14.675	-----	Unk.	$1,029.152	13.77				
9/30/87	$171.534	$47.328	$19.688	-----	Unk.	$915.673	10.06				
9/30/88	$384.219	$77.259	$46.194	$30.401	($73.877)	$1,017.234	9.00				
9/30/89	$508.181	$64.192	$64.301	$19.715	$236.577	$1,210.366	8.66				
9/30/90	$693.406	$58.230	$90.727	$20.297	($344.227)	$1,000.849	5.34				
9/30/91	$639.374	$79.285	$186.244	$29.693	($29.522)	$1,027.046	4.25				
9/30/92	$393.664	$73.951	$299.056	$23.955	$13.309	$1,518.917	5.27				

Lender Type - Guarantees by Year (Dollars in Millions)					
Year	**Stafford**	**PLUS**	**SLS**	**Consol.**	**All**
Commercial Lender' Guarantees					
10/1/87-9/30/88	$8,709.463	$516.820	$1,758.840	$492.512	$11,477.635
10/1/88-9/30/89	$8,852.307	$691.882	$1,954.869	$422.557	$11,921.615
10/1/89-9/30/90	$9,010.304	$828.351	$1,574.019	$389.810	$11,802.484
10/1/90-9/30/91	$9,780.750	$1,019.612	$1,764.738	$744.548	$13,309.648
10/1/91-9/30/92	$10,628.184	$1,202.511	$2,148.462	$584.814	$14,563.971
School Lenders' Guarantees					
10/1/87-9/30/88	$50.821	$0.470	$8.936	$0.000	$60.227
10/1/88-9/30/89	$50.176	$1.957	$32.917	$0.000	$85.050
10/1/89-9/30/90	$53.371	$2.007	$41.423	$0.000	$96.801
10/1/90-9/30/91	$64.944	$0.003	$15.327	$2.330	$82.604
10/1/91-9/30/92	$70.811	$1.648	$18.239	$0.000	$90.698
Direct Lenders' Guarantees					
10/1/87-9/30/88	$575.519	$27.434	$67.071	$17.651	$687.675
10/1/88-9/30/89	$375.403	$28.230	$47.529	$40.237	$491.399
10/1/89-9/30/90	$453.502	$29.787	$53.275	$144.032	$680.596
10/1/90-9/30/91	$550.166	$34.262	$65.135	$89.292	$738.855
10/1/91-9/30/92	$562.285	$50.158	$63.051	$242.999	$918.493
All Other Lenders' Guarantees					
10/1/87-9/30/88	$404.227	$20.947	$224.603	$133.506	$783.283
10/1/88-9/30/89	$226.184	$18.113	$71.424	$219.177	$534.898
10/1/89-9/30/90	$184.926	$19.439	$38.573	$279.231	$522.169
10/1/90-9/30/91	$153.850	$24.987	$25.265	$283.829	$487.931
10/1/91-9/30/92	$213.652	$35.114	$39.641	$486.544	$774.951

Lender Type - Defaults By Year (Dollars in Millions)					
Year	**Stafford**	**PLUS**	**SLS**	**Consol.**	**All**
Commercial Lenders' Defaults					
10/1/87-9/30/88	$1,345.412	$18.887	$34.447	$1.875	$1,400.621
10/1/88-9/30/89	$1,516.825	$28.327	$256.015	$8.345	$1,809.512
10/1/89-9/30/90	$1,741.416	$34.954	$553.916	$20.316	$2,350.602
10/1/90-9/30/91	$2,106.264	$59.303	$523.616	$37.859	$2,727.042
10/1/91-9/30/92	$1,751.762	$70.284	$366.651	$37.551	$2,226.248
School Lenders' Defaults					
10/1/87-9/30/88	$1.622	$0.090	$0.285	$0.000	$1.997
10/1/88-9/30/89	$2.688	$0.008	$0.630	$0.000	$3.326
10/1/89-9/30/90	$4.521	$0.123	$2.985	$0.000	$7.629
10/1/90-9/30/91	$5.575	$0.086	$1.655	$0.042	$7.358
10/1/91-9/30/92	$7.527	$0.056	$0.882	$0.000	$8.465
Direct Lenders' Defaults					
10/1/87-9/30/88	$105.590	$0.256	$1.613	$0.000	$107.459
10/1/88-9/30/89	$45.156	$0.877	$9.115	$0.246	$55.394
10/1/89-9/30/90	$59.659	$2.605	$25.949	$4.586	$92.799
10/1/90-9/30/91	$69.491	$2.774	$19.292	$13.565	$105.122
10/1/91-9/30/92	$66.699	$2.877	$15.102	$15.394	$100.072
All Other Lenders' Defaults					
10/1/87-9/30/88	$34.602	$0.754	$1.558	$0.114	$37.058
10/1/88-9/30/89	$85.442	$2.990	$33.352	$2.838	$124.622
10/1/89-9/30/90	$34.759	$1.562	$9.020	$4.707	$50.048
10/1/90-9/30/91	$273.087	$4.212	$76.455	$20.522	$374.276
10/1/91-9/30/92	$326.243	$5.514	$55.390	$41.593	$428.740

Number of Active Lenders (by year) Making Loans				
	Stafford	PLUS	SLS	Consol.
9/30/81	14,584	-----	-----	-----
9/30/82	15,786	-----	-----	-----
9/30/83	13,026	-----	-----	-----
9/30/84	12,938	-----	-----	-----
9/30/85	12,710	-----	-----	-----
9/30/86	13,046	4,823	-----	-----
9/30/87	12,393	5,453	-----	-----
9/30/88	12,339	5,520	4,999	391
9/30/89	10,160	4,717	3,930	593
9/30/90	9,483	4,601	3,937	385
9/30/91	9,432	4,442	4,045	646
9/30/92	8,242	4,335	4,186	772

Guarantee Agency Summary Data Fiscal Year 1992		N	Total (All $'s in millions)	Mean	Standard Deviation	Range Low	First Q'tile	Median	Third Q'tile	Range High
Cumulative-$ Guaranteed By Type Loan	Stafford	55	$117,499.404	$2,136.353	$2,829.582	$14.594	$489.819	$905.590	$2,348.683	$13,839.437
	PLUS	52	$5,825.877	$112.036	$214.889	$4.726	$22.729	$49.422	$117.743	$1,500.868
	SLS	52	$11,693.125	$224.868	$390.274	$4.594	$28.029	$89.136	$221.818	$1,828.360
	Consolidated	43	$4,894.631	$113.829	$236.406	$0.243	$5.277	$21.371	$58.349	$1,110.531
	All	55	$139,913.037	$2,543.873	$3,444.198	$14.594	$524.083	$1,053.215	$2,443.341	$15,663.986
Total Guaranteed Cumulative-# By Type Loan	Stafford	55	50,787,974	923,418	1,249,804	7,393	214,844	438,600	879,813	6,633,606
	PLUS	52	1,875,387	36,065	67,795	1,589	7,457	15,242	39,303	469,972
	SLS	52	4,124,307	79,314	136,878	1,582	9,985	32,126	73,709	629,663
	Consolidated	43	323,920	7,533	15,662	20	405	1,405	4,963	75,622
	All	55	57,111,588	1,038,393	1,408,313	7,393	224,479	466,290	1,032,809	7,191,650
Total Guaranteed Cumulative-$ Cancelled By Type Loan	Stafford	54	$10,387.174	$192.335	$286.480	$0.893	$34.813	$86.235	$159.970	$1,514.105
	PLUS	52	$339.602	$6.531	$14.776	$0.081	$0.868	$2.079	$6.191	$103.874
	SLS	52	$1,570.694	$30.206	$58.486	$0.244	$1.952	$8.131	$27.737	$303.512
	Consolidated	26	$24.164	$0.929	$1.900	$0.007	$0.025	$0.124	$1.183	$9.387
	All	54	$12,321.634	$228.178	$15.586	$0.893	$40.515	$106.872	$204.889	$1,845.331
Net Guaranteed Dollars Stafford	Annual	55	$9,993.785	$181.705	$266.212	($1.094)	$41.586	$92.824	$177.886	$1,467.410
	Cumulative	55	$107,111.960	$1,947.490	$2,587.046	$14.594	$459.599	$820.506	$1,829.366	$13,071.184
Net Guaranteed Dollars PLUS	Annual	52	$1,218.895	$23.440	$51.174	($0.020)	$3.941	$9.881	$23.584	$362.525
	Cumulative	52	$5,486.175	$105.504	$200.544	$4.622	$20.896	$47.185	$109.360	$1,396.994
Net Guaranteed Dollars SLS	Annual	52	$1,962.806	$37.746	$71.010	($0.799)	$4.421	$13.965	$35.159	$430.762
	Cumulative	52	$10,172.285	$195.621	$334.478	$4.350	$24.974	$79.312	$197.801	$1,598.351
Net Guaranteed Dollars Consolidated	Cumulative	43	$4,770.467	$110.941	$226.354	$0.243	$5.271	$21.266	$57.846	$1,008.387
Net Guaranteed $ (after transfers/refinancing) All Title IV	Annual	55	$14,410.984	$262.018	$473.968	($532.771)	$51.737	$115.293	$255.199	$2,668.680
	Cumulative	55	$127,618.820	$2,320.342	$3,088.203	$14.594	$499.437	$1,027.018	$2,320.234	$14,787.250

GUARANTEE AGENCY SUMMARY DATA FISCAL YEAR 1992		N	Total (All $'s in millions)	Mean	Standard Deviation	Range Low	First Q'tile	Median	Third Q'tile	Range High
Cumulative # Borrowers By Type Loan	Stafford	55	25,177,859	457,779	561,736	3,748	121,554	227,313	498,571	2,612,949
	PLUS	52	1,209,190	23,254	41,879	1,125	4,826	9,598	28,478	286,162
	SLS	52	2,712,497	52,163	84,076	1,250	6,695	21,840	57,591	384,904
	Consolidated	38	320,842	8,443	16,570	20	394	1,397	6,972	75,307
	All	55	29,420,388	534,916	666,055	3,748	123,240	247,951	616,589	2,843,777
Stafford In Interim Status As of 9/30/92	# Interim	54	4,444,371	82,303	109,385	412	21,531	42,680	88,362	576,159
	% Interim	54		17.65%	9.29%	1.96%	12.01%	19.19%	24.29%	40.90%
Transferred In Dollars By Type Loan As of 9/30/92	Stafford	15	$3,306.926	$220.462	$371.950	$0.026	$0.059	$1.662	$235.793	$1,056.529
	PLUS	13	$104.724	$8.056	$14.130	$0.003	$0.006	$0.184	$6.477	$47.884
	SLS	13	$472.509	$36.347	$64.080	$0.002	$0.028	$0.209	$35.647	$201.357
	Consolidated	8	$225.459	$28.182	$45.560	$0.011	$0.032	$2.707	$56.263	$107.445
	All	18	$4,109.618	$228.312	$431.194	$0.006	$0.068	$1.200	$146.069	$1,413.215
Transferred In Number By Type Loan As of 9/30/92	Stafford	15	1,269,909	84,661	142,838	10	28	650	90,408	423,233
	PLUS	13	32,318	2,486	4,372	1	2	57	1,984	14,947
	SLS	13	153,174	11,813	20,671	1	11	76	12,182	67,628
	Consolidated	8	16,768	2,096	3,425	1	2	198	3,550	9,269
	All	18	1,472,569	81,809	156,170	2	20	402	52,996	515,077
Transferred Out Dollars By Type Loan As of 9/30/92	Stafford	19	$3,350.998	$176.368	$469.854	$0.005	$0.345	$2.334	$78.244	$2,091.420
	PLUS	12	$104.594	$8.716	$15.848	$0.009	$0.030	$0.553	$12.832	$57.316
	SLS	12	$474.385	$39.532	$87.382	$0.001	$0.228	$3.183	$39.296	$320.329
	Consolidated	10	$225.459	$22.546	$35.700	$0.011	$0.058	$4.793	$18.183	$109.213
	All	20	$4,155.436	$207.772	$567.068	$0.005	$0.723	$3.396	$118.112	$2,578.278
Transferred Out Number By Type Loan As of 9/30/92	Stafford	19	1,278,914	67,311	177,527	2	270	1,055	29,759	786,956
	PLUS	12	32,282	2,690	4,913	4	10	169	3,942	17,774
	SLS	12	153,553	12,796	27,430	1	94	1,206	13,576	100,401
	Consolidated	10	16,768	1,677	2,511	2	6	358	1,535	6,899
	All	20	1,481,517	74,076	201,046	2	327	1,003	47,235	912,030
Refinanced $ As of 9/30/92	PLUS	36	$40.948	$1.137	$1.567	$0.003	$0.071	$0.411	$1.397	$6.023
	SLS	41	$82.996	$2.024	$4.457	$0.007	$0.124	$0.510	$1.245	$21.098

Guarantee Agency Summary Data Fiscal Year 1992		N	Total (All $'s in millions)	Mean	Standard Deviation	Range Low	First Q'tile	Median	Third Q'tile	Range High
Default Claims Cumulative $ By Type Loan	Stafford	55	$15,145.414	$275.371	$446.348	$3.241	$32.089	$112.833	$245.228	$2,296.158
	PLUS	52	$254.473	$4.894	$13.292	$0.001	$0.376	$1.213	$4.304	$93.939
	SLS	52	$2,076.387	$39.931	$88.172	$0.036	$1.144	$6.638	$28.424	$506.936
	Consolidated	41	$212.401	$5.181	$10.427	$0.030	$0.334	$0.807	$3.104	$48.183
	All	55	$17,688.675	$321.612	$531.006	$3.241	$33.907	$135.306	$294.967	$2,849.490
Default Claims Cumulative # By Type Loan	Stafford	55	5,362,324	97,497	162,081	778	11,796	37,539	102,879	935,758
	PLUS	52	80,733	1,553	3,938	1	105	433	1,321	27,279
	SLS	52	701,571	13,492	30,175	10	382	2,069	9,805	175,865
	Consolidated	41	17,167	419	799	1	26	58	267	3,170
	All	55	6,161,795	112,033	190,835	778	12,357	42,508	115,260	1,121,720
Bankruptcy $ Claims..Cum. By Type Loan	Stafford	55	$356.653	$6.485	$8.582	$0.030	$1.316	$4.219	$6.632	$47.963
	PLUS	51	$15.435	$0.303	$0.846	$0.005	$0.044	$0.124	$0.232	$6.075
	SLS	51	$29.026	$0.569	$1.080	$0.002	$0.044	$0.177	$0.433	$4.967
	Consolidated	37	$22.701	$0.614	$1.254	$0.005	$0.037	$0.133	$0.353	$5.559
	All	55	$423.815	$7.706	$10.181	$0.030	$1.585	$4.813	$7.478	$51.220
Bankruptcy # Claims..Cum. By Type Loan	Stafford	55	109,968	1,999	2,380	7	418	1,384	2,172	11,057
	PLUS	51	3,938	77	187	2	9	33	63	1,329
	SLS	51	8,558	168	316	1	16	63	126	1,575
	Consolidated	37	1,663	45	87	1	2	10	30	416
	All	55	124,127	2,257	2,732	7	435	1,455	2,444	11,827
Death/Dis. $ Claims..Cum. By Type Loan	Stafford	55	$384.887	$7.000	$10.405	$0.059	$1.689	$3.298	$6.722	$65.113
	PLUS	52	$31.374	$0.603	$1.224	$0.008	$0.120	$0.248	$0.557	$8.275
	SLS	51	$26.537	$0.520	$0.965	$0.009	$0.050	$0.148	$0.387	$4.899
	Consolidated	29	$12.465	$0.430	$0.859	$0.007	$0.029	$0.067	$0.427	$4.144
	All	55	$455.263	$8.278	$12.048	$0.059	$1.901	$3.857	$8.039	$71.647
Death/Dis. # Claims..Cum. By Type Loan	Stafford	55	110,838	2,015	2,733	15	533	1,099	2,377	15,572
	PLUS	52	8,797	169	314	2	39	67	163	2,076
	SLS	51	7,816	153	286	2	13	40	111	1,554
	Consolidated	29	871	30	57	1	2	5	28	270
	All	55	128,322	2,333	3,158	15	588	1,173	2,567	17,210

GUARANTEE AGENCY SUMMARY DATA
FISCAL YEAR 1992

(All $'s in millions)

		N	Total	Mean	Standard Deviation	Range Low	First Q'tile	Median	Third Q'tile	Range High
Collections $	Stafford	51	$2,247.573	$44.070	$78.026	$0.154	$6.680	$16.774	$34.601	$433.124
Cumulative	PLUS	49	$18.912	$0.386	$0.789	$0.001	$0.041	$0.116	$0.434	$5.120
In-House Staff	SLS	48	$58.606	$1.221	$2.408	$0.001	$0.074	$0.262	$0.924	$13.335
By Type Loan	Consolidated	36	$8.823	$0.245	$0.601	$0.001	$0.011	$0.047	$0.192	$3.439
	All	51	$2,333.914	$45.763	$79.306	$0.163	$6.717	$18.578	$40.074	$437.215
Collections $	Stafford	54	$1,856.402	$34.378	$53.214	$0.015	$4.836	$13.994	$41.669	$256.625
Cumulative	PLUS	45	$25.057	$0.557	$1.721	$0.001	$0.034	$0.113	$0.322	$11.536
By Outside Agents	SLS	45	$85.845	$1.908	$4.257	$0.001	$0.053	$0.300	$0.952	$20.369
By Type Loan	Consolidated	26	$4.035	$0.155	$0.259	$0.001	$0.003	$0.034	$0.087	$0.768
	All	54	$1,971.339	$36.506	$56.510	$0.015	$4.876	$14.593	$42.505	$258.820
Collections $	Stafford	53	$1,209.564	$22.820	$42.322	$0.050	$2.559	$9.204	$18.291	$282.047
Cumulative	PLUS	40	$11.104	$0.278	$0.841	$0.001	$0.013	$0.058	$0.212	$5.362
By IRS Offset	SLS	44	$109.187	$2.482	$6.600	$0.001	$0.048	$0.295	$1.158	$36.698
By Type Loan	Consolidated	15	$1.187	$0.066	$0.162	$0.001	$0.001	$0.008	$0.018	$0.681
	All	53	$1,330.942	$25.112	$47.807	$0.050	$2.698	$9.508	$19.854	$319.622
Collections $	Stafford	55	$5,313.439	$96.608	$151.291	$0.238	$11.452	$42.544	$99.719	$774.901
Cumulative	PLUS	52	$55.073	$1.059	$3.072	$0.010	$0.108	$0.282	$0.832	$22.018
Total	SLS	51	$253.608	$4.973	$11.968	$0.001	$0.120	$0.823	$3.010	$70.402
By Type Loan	Consolidated	39	$14.045	$0.360	$0.858	$0.001	$0.013	$0.049	$0.287	$4.740
	All	55	$5,636.195	$102.476	$159.232	$0.340	$11.703	$43.203	$102.357	$782.310
Claims Pd. #	Stafford	53	65,924	1,244	1,956	3	163	554	1,237	9,884
Bankruptcy 7-11	PLUS	44	567	13	18	1	2	6	17	95
Cumulative	SLS	45	1,876	42	85	1	3	9	34	454
By Type Loan	Consolidated	17	260	15	28	1	1	4	10	118
	All	54	68,627	1,271	2,016	1	152	537	1,264	10,305
Claims Pd. #	Stafford	50	22,068	441	567	2	54	211	561	2,586
Bankruptcy 12-13	PLUS	35	465	13	24	1	1	4	13	115
Cumulative	SLS	36	1,189	33	64	1	3	8	23	274
By Type Loan	Consolidated	15	79	5	7	1	1	2	4	24
	All	52	23,801	458	619	1	40	206	574	2,905

GUARANTEE AGENCY SUMMARY DATA FISCAL YEAR 1992		N	Total (All $'s in millions)	Mean	Standard Deviation	Range Low	First Q'tile	Median	Third Q'tile	Range High
Claims Pd. #	Stafford	54	140,674	2,605	3,250	18	636	1,495	2,916	14,623
Death/Disability	PLUS	52	8,882	171	171	2	40	76	170	2,318
Cumulative	SLS	51	11,823	232	468	2	18	49	151	2,552
By Type Loan	Consolidated	30	936	31	62	1	2	7	26	298
	All	54	162,315	3,006	3,805	18	700	1,655	3,181	17,785
Claims Pd. #	Stafford	32	24,407	763	976	2	72	276	1,363	4,179
Coll. Terminated	PLUS	12	234	20	18	1	6	12	30	59
Cumulative	SLS	18	1,110	62	111	1	2	16	50	473
By Type Loan	Consolidated	3	9	3	1	2	2	3	4	4
	All	32	25,760	805	1,018	2	72	276	1,399	4,185
Claims Pd. #	Stafford	35	83,885	2,396	3,986	2	52	754	2,673	19,356
Coll. Compromise	PLUS	22	2,154	98	303	1	3	11	25	1,454
Cumulative	SLS	24	2,134	89	267	1	3	7	30	1,333
By Type Loan	Consolidated	6	18	3	2	1	1	2	3	8
	All	35	88,161	2,519	4,375	2	52	759	2,742	22,151
Claims Pd. #	Stafford	55	878,202	15,967	27,212	31	1,932	6,800	12,913	134,403
Repaid In Full	PLUS	51	6,756	132	301	2	9	41	95	1,940
Cumulative	SLS	49	27,391	559	1,576	1	13	77	312	10,066
By Type Loan	Consolidated	17	206	12	20	1	1	3	14	83
	All	55	912,555	16,592	28,186	44	2,040	7,106	13,474	135,132
Claims Pd. #	Stafford	52	177,022	3,404	8,819	2	210	620	2,473	53,643
In Litigation	PLUS	38	1,469	39	76	1	6	13	23	333
Cumulative	SLS	40	16,494	412	1,154	1	18	70	227	6,844
By Type Loan	Consolidated	19	666	35	77	1	2	5	13	279
	All	52	195,651	3,763	9,733	2	210	783	2,493	60,823
Claims Pd. #	Stafford	53	67,008	1,264	2,339	3	168	514	1,292	15,764
Active 12-13	PLUS	47	3,377	72	232	1	10	26	54	1,617
Bankruptcy Cum.	SLS	49	12,332	252	580	1	13	59	148	3,505
By Type Loan	Consolidated	37	1,682	45	95	1	2	8	26	429
	All	54	84,399	1,563	2,995	3	190	642	1,525	19,631

GUARANTEE AGENCY SUMMARY DATA FISCAL YEAR 1992		N	Total (All $'s in millions)	Mean	Standard Deviation	Range Low	First Q'tile	Median	Third Q'tile	Range High
Claims Pd. #	Stafford	55	395,565	7,192	9,679	80	1,561	3,528	8,292	47,545
In Repayment	PLUS	51	7,402	145	345	1	14	50	149	2,438
Cumulative	SLS	50	36,187	724	1,472	6	48	247	517	8,167
By Type Loan	Consolidated	36	2,608	72	136	1	5	12	57	673
	All	55	441,762	8,032	10,985	80	1,625	3,995	6,861	56,498
Claims Pd. #	Stafford	21	6,488	309	526	1	6	37	267	2,168
Coll. Exclusions	PLUS	13	409	31	88	1	2	3	9	336
Cumulative	SLS	16	379	24	38	1	2	7	29	150
By Type Loan	Consolidated	2	11	6	3	3	3	6	8	8
	All	21	7,287	347	543	1	9	61	467	2,202
Claims Pd. #	Stafford	55	2,140,045	38,910	67,728	278	3,929	13,469	45,662	410,277
Unresolved	PLUS	51	50,444	989	2,929	5	63	242	768	20,309
Cumulative	SLS	51	338,714	6,642	14,133	10	281	1,290	6,394	87,491
By Type Loan	Consolidated	39	10,446	268	573	2	17	49	208	2,589
	All	55	2,539,649	46,175	82,246	293	4,678	17,093	51,899	504,981
Claims Pd. #	Stafford	25	1,085,221	43,409	68,535	4	1,996	10,002	57,572	262,069
Temp. Assigned	PLUS	19	8,221	433	659	1	14	58	632	2,160
To Dept. Ed. Cum.	SLS	18	237,302	13,183	21,431	4	221	1,865	10,960	68,932
By Type Loan	Consolidated	8	1,276	160	207	2	9	59	256	627
	All	25	1,332,020	53,281	86,847	4	2,340	11,896	64,718	321,470
Claims Pd. #	Stafford	51	449,571	8,815	17,532	49	759	2,693	6,895	87,320
Perm. Assigned	PLUS	29	926	32	75	1	2	5	13	372
To Dept. Ed. Cum.	SLS	27	29,225	1,082	3,081	1	4	14	179	15,504
By Type Loan	Consolidated	5	13	3	2	1	1	2	5	6
	All	51	479,735	9,407	18,880	49	761	2,756	7,073	90,005

GUARANTEE AGENCY SUMMARY DATA FISCAL YEAR 1992		N	Total (All $'s in millions)	Mean	Standard Deviation	Range Low	First Q'tile	Median	Third Q'tile	Range High
Number Claim Accts	None	9	3,842	427	654	2	6	97	303	2,021
Not Scheduled	1-30	7	624	89	121	1	1	20	95	322
Receivables To	31-60	7	700	100	139	1	2	40	86	400
Dept. Ed.	61-90	9	[illegible]	83	104	1	6	36	69	275
By # Days	91-120	9	982	109	148	1	6	38	123	477
Delinquent	121-180	16	5,902	369	688	1	3	52	353	2,595
	181-365	51	223,024	4,373	9,817	6	248	1,194	3,341	54,545
	366-2Yrs.	49	461,155	9,411	19,705	3	499	3,744	8,821	120,613
	2-3 Yrs.	47	373,272	7,942	19,441	1	378	1,223	6,872	123,825
	Over 3 Yrs.	49	650,351	13,272	20,503	4	914	3,337	14,627	80,581
	Total	54	1,720,595	31,863	50,100	206	2,543	11,690	36,886	223,218
Number Claim Accts	None	51	591,394	11,596	39,329	1	552	2,528	6,876	279,878
Scheduled/Reschld	1-30	51	143,367	[illegible],811	4,931	29	420	1,122	1,890	27,711
Receivables To	31-60	51	87,238	1,711	3,121	12	188	616	1,577	17,304
Dept. Ed.	61-90	51	63,865	1,252	2,343	9	124	412	1,217	12,650
By # Days	91-120	50	76,586	1,532	4,365	6	113	310	1,049	29,652
Delinquent	121-180	49	92,171	1,881	4,079	12	155	470	2,008	26,534
	181-365	51	299,397	5,871	16,589	20	195	890	5,093	104,859
	366-2Yrs.	47	383.418	8,158	25,328	11	381	1,165	6,679	170,394
	2-3 Yrs.	44	692,189	15,732	55,009	3	321	1,181	6,556	355,659
	Over 3 Yrs.	45	281,794	6,262	12,460	1	354	2,191	6,844	75,915
	Total	55	2,711,419	49,299	33,223	134	3,266	9,203	40,014	782,445
Sources Of	Insurance	55	$1,974.326	$35.897	$42.647	$0.256	$11.638	$18.972	$37.389	$207.489
Funds $	State $	34	$151.704	$4.462	$7.635	$0.001	$0.433	$1.338	$3.700	$35.495
By Type Source	Fed. Adv.	53	$204.490	$3.858	$7.881	$0.050	$0.674	$1.729	$4.631	$55.721
	Reinsurnce	55	$17,670.219	$321.277	$528.192	$3.241	$37.010	$136.831	$287.352	$2,789.901
	A.C.A.	53	$1,133.057	$21.378	$28.655	$1.526	$4.821	$9.241	$18.777	$123.518
	Collectns	55	$4,254.555	$77.356	$122.144	$0.318	$9.418	$35.818	$78.137	$690.618
	Inv. $	55	$754.059	$13.710	$17.367	$0.085	$2.627	$7.233	$15.844	$79.049
	Other	49	$2,696.0[illegible]0	$55.022	$244.384	$0.014	$0.380	$1.870	$28.658	$1,712.634
	Total	55	$28,838.4[illegible]	$524.336	$870.437	$4.959	$75.704	$217.213	$470.398	$5,136.582

Guarantee Agency Summary Data Fiscal Year 1992		N	(All $'s in millions) Total	Mean	Standard Deviation	Range Low	First Q'tile	Median	Third Q'tile	Range High
Uses of Funds $ By Type Use	Claims	55	$18,583.920	$337.889	$549.760	$3.330	$38.354	$145.833	$324.536	$2,915.881
	Collect $	55	$1,295.080	$23.547	$38.804	$0.467	$4.547	$10.620	$20.909	$234.338
	Operation$	55	$3,185.333	$57.915	$76.797	$0.823	$14.352	$26.174	$62.291	$413.972
	Lender Fee	4	$72.509	$18.127	$19.549	$0.063	$3.759	$10.786	$32.496	$50.874
	Coll To Ed	55	$2,482.205	$45.131	$75.843	$0.172	$6.047	$18.605	$43.692	$455.854
	Adv. Rtned	51	$162.875	$3.194	$7.857	$0.035	$0.624	$1.494	$3.039	$55.721
	Reins. Fee	53	$214.479	$4.047	$6.368	$0.162	$0.716	1.734	$3.516	$30.251
	Other	47	$2,776.165	$59.067	$243.009	$0.007	$0.701	3.628	$16.434	$1,674.822
	Total	55	$27,477.486	$499.591	$843.288	$4.728	$78.646	200.282	$447.899	$5,036.094
Pending Costs Dollars Due	Reins. Due	54	$393.664	$7.290	$11.641	$0.038	$0.829	$3.778	$7.047	$61.561
	A.C.A. Due	44	$73.951	$1.681	$2.156	$0.052	$0.461	$0.854	$3.448	$11.186
	Coll To Ed	53	$299.056	$5.643	$20.332	$0.005	$0.196	$0.908	$1.927	$147.010
	Reins. Fee	49	$23.955	$0.489	$0.622	$0.013	$0.105	$0.224	$0.572	$2.796
	Other	43	$13.309	$0.310	$5.231	($20.842)	($0.138)	$0.103	$0.664	$24.359
Net Funds		55	$1,518.917	$27.617	$42.859	($24.946)	$5.645	$15.664	$30.620	$225.221
% Funds to Sources		55		5.27%	7.00%	-1.59%	4.08%	6.85%	10.01%	43.63%
Clms Repaid Full $		55	$19,701.935	$358.217	$525.089	$3.066	$75.865	$152.665	$342.172	$3,098.452
GSL Interim $		54	$22,941.363	$424.840	$588.155	$1.931	$100.516	$213.560	$389.381	$2,939.389
Deferment $		53	$5,701.209	$107.570	$204.167	$0.17[illegible]	$16.628	$34.831	$104.718	$1,001.832
Loan Volume $ By Type Lender 10/1/91-9/30/92	Commercial	46	$14,553.971	$316.608	$454.306	$1.133	$64.869	$147.994	$287.943	$2,537.831
	School	13	$90.698	$6.977	$10.838	$0.102	$0.245	$1.375	$7.228	$33.529
	Direct	22	$918.493	$41.750	$69.244	$0.001	$0.183	$13.466	$48.551	$308.653
	Other	26	$774.951	$29.806	$96.542	$0.017	$0.113	$2.433	$10.459	$501.224
	Total	52	$16,454.073	$316.424	$506.267	$0.011	$65.274	$129.103	$293.926	$3,068.834
Loan Default $ By Type Lender 10/1/91-9/30/92	Commercial	52	$2,226.248	$42.812	$66.295	$0.041	$6.705	$17.113	$38.224	$288.943
	School	13	$8.465	$0.651	$1.294	$0.002	$0.024	$0.188	$0.252	$4.599
	Direct	24	$100.072	$4.170	$4.397	$0.014	$0.266	$2.092	$8.422	$14.450
	Other	30	$428.740	$14.291	$36.028	$0.002	$0.033	$0.259	$1.969	$137.471
	Total	54	$2,763.403	$51.174	$81.484	$0.461	$6.808	$21.073	$44.614	$346.008

GUARANTEE AGENCY SUMMARY DATA FISCAL YEAR 1992		N	(All $'s in millions) Total	Mean	Standard Deviation	Range Low	First Q'tile	Median	Third Q'tile	Range High
Number Active Lenders	Stafford	48	8,242	172	206	1	40	82	208	865
	PLUS	46	4,335	94	128	1	18	40	107	630
	SLS	46	4,186	91	124	1	17	36	103	508
	Consolidated	41	772	19	59	1	1	3	7	350
Loans Outstanding $		55	$121,982.625	$2,217.866	$2,950.422	$10.616	$485.290	$983.815	$2,211.470	$14,004.940
Mature Paper $		55	$99.906.990	$1,816.491	$2,446.704	$14.594	$393.274	$820.490	$2,048.966	$12,975.646
GSL in Repayment $		55	$60,706.560	$1,103.756	$679.277	$0.247	$238.780	$415.107	$1,204.449	$7,876.478
Reserve Ratio		55		80.31	160.33	-1030.61	48.53	67.14	100.06	249.85
Lender Default Rate		55		17.71	13.12	0.07	10.08	12.95	18.41	59.99
Net Default Rate		55		12.06	9.36	0.07	6.20	7.96	13.04	46.23
Recovery Rate		55		31.86	10.00	4.62	28.31	32.91	41.49	54.11
Loss Rate		38		0.23	0.45	0.01	0.07	0.28	0.68	1.71
Composition Of Consolidated Loans$ By Type Loan	Stafford	38	$998.528	$26.277	$60.346	$0.005	$1.217	$5.782	$17.504	$356.962
	SLS	35	$290.807	$8.309	$22.295	$0.002	$0.186	$1.208	$4.811	$129.690
	FISL	14	$5.373	$0.384	$1.127	$0.001	$0.003	$0.010	$0.024	$4.394
	HPSL	26	$6.843	$0.263	$0.495	$0.001	$0.012	$0.056	$0.253	$2.413
	Perkins	30	$62.380	$2.079	$4.597	$0.008	$0.090	$0.356	$1.332	$19.184
Total SPA $ Reimbursed	Stafford	33	$24.542	$0.744	$2.546	$0.002	$0.026	$0.151	$0.423	$15.006
	PLUS	21	$0.242	$0.012	$0.018	$0.001	$0.002	$0.006	$0.009	$0.081
	SLS	28	$1.884	$0.067	$0.146	$0.001	$0.003	$0.014	$0.062	$0.738
	Consolidated	9	$0.077	$0.009	$0.007	$0.001	$0.002	$0.005	$0.015	$0.018
	All	33	$26.745	$0.810	$2.687	$0.003	$0.037	$0.208	$0.501	$15.842